

STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
JUNE 30, 2010



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JUNE 30, 2010

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City of Tucumcari
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For the Year Ended June 30, 2010

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City of Tucumcari
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STATE OF NEW MEXICO

City of Tucumcari

Official Roster

June 30, 2010

<u>Name</u>	<u>City Council</u>	<u>Title</u>
James L. Witcher, Sr.		Mayor
Antonio Apodaca		Mayor Pro-Tem
Robert Lumpkin		Commissioner
Amiel Curnutt		Commissioner
Jimmy Sandoval		Commissioner
	<u>Administration</u>	
Bobbye Rose		City Manager
Mike Cherry		Assistant City Manager
Christine Dougherty		City Clerk
Dennis Dysart		Director of Finance
Vicki Strand		Assistant Director of Finance

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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 the aggregate remaining fund information of the City of Tucumcari, New Mexico, (City) as of and for the year ended June 30, 2010, 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, 2010 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the major proprietary funds, and the aggregate remaining fund information of the City of Tucumcari as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and internal service fund of the City of Tucumcari as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds, the proprietary funds and the internal service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2011 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.

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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of the City of Tucumcari, New Mexico. 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. The accompanying Financial Data Schedule listed as Schedule IV is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic 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
May 4, 2011

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Tucumcari

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,745,212	\$ 2,287,304	\$ 4,032,516
Investments	-	22,742	22,742
Receivables:			
Property taxes receivable	273,362	-	273,362
Other taxes receivable	620,466	59,919	680,385
Other receivables	283,197	609,616	892,813
Customer receivables	-	514,889	514,889
Prepays	88,493	46,874	135,367
Inventory	-	104,372	104,372
Internal balances	10,481	(10,481)	-
	<u>3,021,211</u>	<u>3,635,235</u>	<u>6,656,446</u>
Total current assets			
Noncurrent assets			
Restricted cash and cash equivalents	506,375	2,543,998	3,050,373
Bond issuance costs, net of accumulated amortization	-	16,075	16,075
Capital assets	17,414,967	41,867,799	59,282,766
Less: accumulated depreciation	<u>(9,569,967)</u>	<u>(19,317,633)</u>	<u>(28,887,600)</u>
	<u>8,351,375</u>	<u>25,110,239</u>	<u>33,461,614</u>
Total noncurrent assets			
Total assets	<u>\$ 11,372,586</u>	<u>\$ 28,745,474</u>	<u>\$ 40,118,060</u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 406,285	\$ 2,175,312	\$ 2,581,597
Due to other governments	-	2,866	2,866
Accrued payroll expenses	141,010	57,833	198,843
Other accrued expenses	54,660	4,610	59,270
Accrued compensated absences	132,093	52,246	184,339
Accrued interest	10,590	69,059	79,649
Meter and other refundable deposits	2,320	24,836	27,156
Deferred revenue	-	23	23
Debt payments due and payable	-	19,633	19,633
Current portion of bonds and notes payable	188,124	83,497	271,621
	<u>935,082</u>	<u>2,489,915</u>	<u>3,424,997</u>
Total current liabilities			
Noncurrent liabilities			
Landfill closure liability	-	1,368,193	1,368,193
Bonds and notes payable	2,351,741	3,990,934	6,342,675
	<u>2,351,741</u>	<u>5,359,127</u>	<u>7,710,868</u>
Total noncurrent liabilities			
Total liabilities	<u>3,286,823</u>	<u>7,849,042</u>	<u>11,135,865</u>
Net Assets			
Invested in capital assets, net of related debt	5,305,135	18,475,735	23,780,870
Restricted for: (Note 15)			
Debt service	477,020	19,172	496,192
Capital projects and improvements	478,003	76,232	554,235
Other purposes	2,090,448	270,854	2,361,302
Unrestricted	(264,843)	2,054,439	1,789,596
	<u>8,085,763</u>	<u>20,896,432</u>	<u>28,982,195</u>
Total net assets	<u>8,085,763</u>	<u>20,896,432</u>	<u>28,982,195</u>
Total liabilities and net assets	<u>\$ 11,372,586</u>	<u>\$ 28,745,474</u>	<u>\$ 40,118,060</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Activities
For the Year Ending June 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 1,809,531	\$ 227,789	\$ 284,029	\$ 319,998
Public safety	2,453,695	571,518	69,632	26,626
Public works	860,223	-	-	17,539
Culture and recreation	841,554	51,805	1,158	5,818
Health and welfare	491,129	-	386,815	-
Interest on long-term debt	81,804	-	-	-
<i>Total governmental activities</i>	<u>6,537,936</u>	<u>851,112</u>	<u>741,634</u>	<u>369,981</u>
Business-type Activities:				
Airport	467,106	274,328	-	3,787
Joint Utility	2,291,667	1,880,689	-	1,383,216
Sanitation	902,612	745,342	-	111,019
Housing Authority	1,114,780	177,112	1,048,052	333,856
<i>Total business type activities</i>	<u>4,776,165</u>	<u>3,077,471</u>	<u>1,048,052</u>	<u>1,831,878</u>
<i>Total</i>	<u>\$ 11,314,101</u>	<u>\$ 3,928,583</u>	<u>\$ 1,789,686</u>	<u>\$ 2,201,859</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

Debt service contributions

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, restatement (Note 17)

Net assets, beginning as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (977,715)	\$ -	\$ (977,715)
(1,785,919)	-	(1,785,919)
(842,684)	-	(842,684)
(782,773)	-	(782,773)
(104,314)	-	(104,314)
(81,804)	-	(81,804)
<u>(4,575,209)</u>	<u>-</u>	<u>(4,575,209)</u>
-	(188,991)	(188,991)
-	972,238	972,238
-	(46,251)	(46,251)
-	444,240	444,240
<u>-</u>	<u>1,181,236</u>	<u>1,181,236</u>
<u>(4,575,209)</u>	<u>1,181,236</u>	<u>(3,393,973)</u>
345,475	-	345,475
2,840,449	-	2,840,449
295,379	-	295,379
722,245	326,745	1,048,990
103,387	-	103,387
31,293	-	31,293
7,259	12,098	19,357
344,736	45,101	389,837
-	48,560	48,560
(212,888)	212,888	-
<u>4,477,335</u>	<u>645,392</u>	<u>5,122,727</u>
(97,874)	1,826,628	1,728,754
8,183,637	18,691,531	26,875,168
-	378,273	378,273
<u>8,183,637</u>	<u>19,069,804</u>	<u>27,253,441</u>
<u>\$ 8,085,763</u>	<u>\$ 20,896,432</u>	<u>\$ 28,982,195</u>

STATE OF NEW MEXICO

Exhibit B-1

City of Tucumcari
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Other Governmental Funds	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 839,614	\$ 1,399,872	\$ 2,239,486
Receivables:			
Property taxes	273,362	-	273,362
Other taxes receivable	510,627	94,233	604,860
Other receivables, net	80,663	218,140	298,803
Prepaid insurance	67,994	18,645	86,639
Interfund note receivable	-	52,273	52,273
Due from other funds	246,219	-	246,219
<i>Total assets</i>	<u>\$ 2,018,479</u>	<u>\$ 1,783,163</u>	<u>\$ 3,801,642</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 72,071	\$ 333,152	\$ 405,223
Accrued payroll expenses	91,719	34,365	126,084
Other accrued expenses	46,662	6,356	53,018
Accrued compensated absences	-	-	-
Deferred property tax revenue	263,697	-	263,697
Other deferred revenue	-	80,729	80,729
Meter and other refundable deposits	1,039	1,281	2,320
Interfund note payable	-	52,273	52,273
Due to other funds	-	235,738	235,738
<i>Total liabilities</i>	<u>475,188</u>	<u>743,894</u>	<u>1,219,082</u>
<i>Fund balances</i>			
Reserved for:			
Debt service, repair and replacement	-	236,401	236,401
Prepaid expenses	67,994	18,645	86,639
Unreserved, reported in:			
General fund	1,475,297	-	1,475,297
Special revenue	-	835,825	835,825
Capital projects	-	(51,602)	(51,602)
<i>Total fund balances</i>	<u>1,543,291</u>	<u>1,039,269</u>	<u>2,582,560</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,018,479</u>	<u>\$ 1,783,163</u>	<u>\$ 3,801,642</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, 2010

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	\$	2,582,560
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,831,047
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		263,697
Other revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements		80,729
Internal service funds assets and liabilities are included in governmental activities in the statement of net assets		9,668
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		(10,590)
Accrued compensated absences		(131,483)
Bonds and notes payable		(2,539,865)
Net assets of governmental activities	\$	<u>8,085,763</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, 2010

Exhibit B-2

Page 1 of 2

	General	Other Governmental Funds	Total
<i>Revenues:</i>			
<i>Taxes:</i>			
Property	\$ 311,425	\$ -	\$ 311,425
Gross receipts	2,711,374	129,075	2,840,449
Gasoline and motor vehicle	21,972	273,407	295,379
Other	273,587	448,658	722,245
<i>Intergovernmental</i>			
Federal operating grants	41,405	61,531	102,936
Federal capital grants	-	44,165	44,165
State operating grants	228,192	410,506	638,698
State capital grants	-	325,816	325,816
Charges for services	874,275	557,165	1,431,440
Licenses and fees	55,679	47,708	103,387
Fines, forfeitures, and penalties	31,293	-	31,293
Investment income	205	7,218	7,423
Miscellaneous	222,732	122,002	344,734
<i>Total revenues</i>	<u>4,772,139</u>	<u>2,427,251</u>	<u>7,199,390</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General government	1,835,185	434,583	2,269,768
Public safety	1,284,648	938,064	2,222,712
Public works	570,194	254,043	824,237
Culture and recreation	422,278	241,424	663,702
Health and welfare	83,430	405,905	489,335
Capital outlay	17,256	717,885	735,141
<i>Debt service:</i>			
Principal	-	132,531	132,531
Interest	-	95,116	95,116
<i>Total expenditures</i>	<u>4,212,991</u>	<u>3,219,551</u>	<u>7,432,542</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>559,148</u>	<u>(792,300)</u>	<u>(233,152)</u>
<i>Other financing sources (uses)</i>			
Transfers in	303,658	1,181,386	1,485,044
Transfers out	(652,517)	(1,066,833)	(1,719,350)
Proceeds from debt issuance	-	253,750	253,750
<i>Total other financing sources (uses)</i>	<u>(348,859)</u>	<u>368,303</u>	<u>19,444</u>
<i>Net change in fund balance</i>	210,289	(423,997)	(213,708)
<i>Fund balance - beginning of year</i>	<u>1,333,002</u>	<u>1,463,266</u>	<u>2,796,268</u>
<i>Fund balance - end of year</i>	<u>\$ 1,543,291</u>	<u>\$ 1,039,269</u>	<u>\$ 2,582,560</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, 2010

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	\$	(213,708)
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures recorded in capital outlay		735,141
Depreciation expense		(591,344)
Transfers of capital assets to business-type activities do not affect governmental fund balances		(3,114)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds:</p>		
Increase in deferred revenue		83,721
<p>Expenses reported in the statement of activities that do require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Increase in accrued compensated absences		(16,609)
Decrease in accrued interest		13,148
The net revenue of the internal service fund is reported with the governmental activities		16,110
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Principal payments on bonds and notes payable		132,531
Proceeds from notes payable		(253,750)
		(121,219)
Change in net assets of governmental activities	\$	(97,874)

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Exhibit C-1

City of Tucumcari

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 277,276	\$ 277,276	\$ 282,042	\$ 4,766
Gross receipts	2,705,108	2,705,108	2,704,730	(378)
Gasoline and motor vehicle	23,000	23,000	24,003	1,003
Other	299,856	299,856	273,693	(26,163)
Intergovernmental income:				
Federal operating grants	289,614	289,614	41,405	(248,209)
State operating grants	238,641	287,870	235,795	(52,075)
Charges for services	817,200	817,200	874,275	57,075
Licenses and fees	64,900	63,186	55,679	(7,507)
Fines, forfeitures and penalties	57,750	57,750	26,222	(31,528)
Investment income	10,000	10,000	205	(9,795)
Miscellaneous	126,406	130,279	176,217	45,938
<i>Total revenues</i>	<u>4,909,751</u>	<u>4,961,139</u>	<u>4,694,266</u>	<u>(266,873)</u>
<i>Expenditures:</i>				
Current:				
General government	1,943,746	1,919,530	1,740,770	178,760
Public safety	1,195,974	1,209,978	1,272,983	(63,005)
Public works	582,766	603,415	572,402	31,013
Culture and recreation	405,162	425,449	406,967	18,482
Health and welfare	96,049	96,050	81,671	14,379
Capital outlay	745,994	420,501	53,401	367,100
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,969,691</u>	<u>4,674,923</u>	<u>4,128,194</u>	<u>546,729</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(59,940)</u>	<u>286,216</u>	<u>566,072</u>	<u>279,856</u>
<i>Other financing sources (uses)</i>				
Designated cash	453,880	160,374	-	(160,374)
Transfers in	-	-	303,658	303,658
Transfers out	(393,940)	(446,590)	(652,517)	(205,927)
<i>Total other financing sources (uses)</i>	<u>59,940</u>	<u>(286,216)</u>	<u>(348,859)</u>	<u>(62,643)</u>
<i>Net change in fund balance</i>	-	-	217,213	217,213
<i>Fund balance - beginning of year</i>	-	-	1,333,002	1,333,002
<i>Restatement, Note 17</i>	-	-	(464,382)	(464,382)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>868,620</u>	<u>868,620</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,085,833</u>	<u>\$ 83,816</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 217,213
Adjustments to revenues for accruals of taxes, grants, fines, and other miscellaneous revenues				77,873
Adjustments to expenditures for accruals				(84,797)
Net change in fund balance (GAAP Basis)				<u>\$ 210,289</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, 2010

	Airport	Joint Utility	Solid Waste
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 265	\$ 1,450,606	\$ 322,207
Investments	-	-	-
Receivables:			
Other taxes	-	48,801	11,118
Other receivables	382	481,667	41,625
Customer receivables, net of allowance	-	476,605	35,009
Prepays	1,241	13,458	6,693
Inventory	47,145	57,227	-
Due from other funds	-	-	-
<i>Total current assets</i>	49,033	2,528,364	416,652
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	2,164,544	29,895
Bond issuance costs, net of accumulated amortization	-	16,075	-
Capital assets	5,709,544	27,893,639	3,482,483
Accumulated depreciation	(2,818,607)	(12,889,773)	(1,511,847)
<i>Total noncurrent assets</i>	2,890,937	17,184,485	2,000,531
<i>Total Assets</i>	\$ 2,939,970	\$ 19,712,849	\$ 2,417,183
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 596	\$ 2,076,090	\$ 6,854
Due to other governments	-	-	-
Accrued payroll expenses	2,999	28,329	11,750
Other accrued expenses	63	4,536	11
Accrued interest payable	-	67,833	-
Accrued compensated absences	-	781	3,451
Meter and other refundable deposits	-	13,516	-
Due to other funds	10,481	-	-
Deferred revenue	-	-	-
Debt due and payable	-	19,633	-
Current portion of notes payable	-	73,948	-
<i>Total current liabilities</i>	14,139	2,284,666	22,066
<i>Noncurrent liabilities</i>			
Landfill closure	-	-	1,368,193
Notes payable	-	3,286,133	-
Accrued compensated absences	2,716	33,108	8,201
<i>Total noncurrent liabilities</i>	2,716	3,319,241	1,376,394
<i>Total liabilities</i>	16,855	5,603,907	1,398,460
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	2,890,937	11,643,785	1,970,636
Restricted net assets	-	3,790,524	1,612,447
Unrestricted net assets	32,178	(1,325,367)	(2,564,360)
<i>Total net assets</i>	2,923,115	14,108,942	1,018,723
<i>Total Liabilities and Net Assets</i>	\$ 2,939,970	\$ 19,712,849	\$ 2,417,183

The accompanying notes are an integral part of these financial statements

<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 581,611	\$ 2,354,689	\$ 12,099
22,742	22,742	-
-	59,919	-
85,942	609,616	-
3,275	514,889	-
25,482	46,874	1,854
-	104,372	-
-	-	-
<u>719,052</u>	<u>3,713,101</u>	<u>13,953</u>
282,174	2,476,613	-
-	16,075	-
4,782,133	41,867,799	113,696
(2,097,406)	(19,317,633)	(99,744)
<u>2,966,901</u>	<u>25,042,854</u>	<u>13,952</u>
<u>\$ 3,685,953</u>	<u>\$ 28,755,955</u>	<u>\$ 27,905</u>
\$ 91,772	\$ 2,175,312	\$ 1,058
2,866	2,866	-
14,755	57,833	14,926
-	4,610	1,643
1,226	69,059	-
3,989	8,221	610
11,320	24,836	-
-	10,481	-
23	23	-
-	19,633	-
9,549	83,497	-
<u>135,500</u>	<u>2,456,371</u>	<u>18,237</u>
-	1,368,193	-
704,801	3,990,934	-
-	44,025	-
<u>704,801</u>	<u>5,403,152</u>	<u>-</u>
<u>840,301</u>	<u>7,859,523</u>	<u>18,237</u>
1,970,377	18,475,735	13,952
270,854	5,673,825	-
604,421	(3,253,128)	(4,284)
<u>2,845,652</u>	<u>20,896,432</u>	<u>9,668</u>
<u>\$ 3,685,953</u>	<u>\$ 28,755,955</u>	<u>\$ 27,905</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, 2010

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Operating revenues:</i>			
Charges for services	\$ 274,328	\$ 1,880,689	\$ 745,342
Operating grants	-	-	-
<i>Total operating revenues</i>	<u>274,328</u>	<u>1,880,689</u>	<u>745,342</u>
<i>Operating expenses:</i>			
General and administrative	12,779	294,021	335,109
Personnel services	81,480	1,028,437	297,520
Contractual services	2,608	7,709	5,595
Supplies and purchased power	2,441	48,346	38,038
Maintenance and materials	196,790	230,464	72,549
Utilities	17,423	204,106	3,385
Housing assistance payments	-	-	-
Depreciation	153,076	327,303	101,074
Miscellaneous	509	1,850	6,574
<i>Total operating expenses</i>	<u>467,106</u>	<u>2,142,236</u>	<u>859,844</u>
<i>Operating income (loss)</i>	<u>(192,778)</u>	<u>(261,547)</u>	<u>(114,502)</u>
<i>Non-operating revenues (expenses):</i>			
Interest income	-	6,185	4,108
Interest expense	-	(149,019)	-
Debt service contributions	-	-	-
Gross receipts and other taxes	-	262,206	64,539
Amortization of bond issuance costs	-	(412)	-
Miscellaneous	30,692	17,190	(6,939)
Landfill closure/postclosure care costs	-	-	(42,768)
<i>Total non-operating revenues (expenses)</i>	<u>30,692</u>	<u>136,150</u>	<u>18,940</u>
Capital grants	3,787	1,383,216	111,019
Transfers in	102,459	652,791	53,154
Transfers out	(33,044)	(517,683)	(44,789)
<i>Capital grants and net transfers</i>	<u>73,202</u>	<u>1,518,324</u>	<u>119,384</u>
<i>Change in net assets</i>	(88,884)	1,392,927	23,822
<i>Net assets, beginning of year</i>	3,011,999	12,337,742	994,901
<i>Restatement (Note 17)</i>	-	378,273	-
<i>Beginning net assets, as restated</i>	<u>3,011,999</u>	<u>12,716,015</u>	<u>994,901</u>
<i>Net assets, end of year</i>	<u>\$ 2,923,115</u>	<u>\$ 14,108,942</u>	<u>\$ 1,018,723</u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 177,112	\$ 3,077,471	\$ 465,282
1,048,052	1,048,052	-
<u>1,225,164</u>	<u>4,125,523</u>	<u>465,282</u>
245,265	887,174	-
-	1,407,437	408,959
35,276	51,188	7,964
-	88,825	421
146,729	646,532	14,550
93,168	318,082	13,706
427,185	427,185	-
104,231	685,684	879
-	8,933	27,225
<u>1,051,854</u>	<u>4,521,040</u>	<u>473,704</u>
<u>173,310</u>	<u>(395,517)</u>	<u>(8,422)</u>
1,805	12,098	-
(62,926)	(211,945)	-
48,560	48,560	-
-	326,745	-
-	(412)	-
4,158	45,101	-
-	(42,768)	-
<u>(8,403)</u>	<u>177,379</u>	<u>-</u>
333,856	1,831,878	-
-	808,404	25,031
-	(595,516)	(499)
<u>333,856</u>	<u>2,044,766</u>	<u>24,532</u>
498,763	1,826,628	16,110
2,346,889	18,691,531	(6,442)
-	378,273	-
<u>2,346,889</u>	<u>19,069,804</u>	<u>(6,442)</u>
<u>\$ 2,845,652</u>	<u>\$ 20,896,432</u>	<u>\$ 9,668</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Airport	Joint Utility	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 274,328	\$ 1,892,630	\$ 727,169
Cash payments to employees for services	(83,198)	(1,041,536)	(306,216)
Cash payments to suppliers for goods and services	(362,895)	1,010,385	(463,376)
Operating grants	-	-	-
Other operating cash payments	-	-	-
<i>Net cash provided (used) by operating activities</i>	<u>(171,765)</u>	<u>1,861,479</u>	<u>(42,423)</u>
<i>Cash flows from noncapital financing activities:</i>			
Cash payments for landfill closure	-	-	(28,948)
Other taxes received	-	256,024	64,081
Miscellaneous income	30,510	17,190	(14,035)
Miscellaneous expense	-	-	-
Debt service contributions	-	-	-
Change in noncurrent accrued compensated absences	2,716	33,108	8,201
Change in landfill closure liability	-	-	-
Internal transfers and loans	26,114	332,795	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>59,340</u>	<u>639,117</u>	<u>29,299</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	3,787	1,161,529	111,019
Acquisition of capital assets	(3,525)	(4,596,420)	(124,982)
Principal paid on capital debt	-	(42,763)	-
Proceeds from debt issuance	-	1,179,686	-
Bond issuance costs paid	-	(16,487)	-
Interest paid on capital debt	-	(128,672)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>262</u>	<u>(2,443,127)</u>	<u>(13,963)</u>
<i>Cash flows from investing activities:</i>			
Conversion of cash equivalent to investment	-	-	-
Interest on investments	-	6,185	4,108
<i>Net cash provided by (used) from investing activities</i>	<u>-</u>	<u>6,185</u>	<u>4,108</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(112,163)	63,654	(22,979)
<i>Cash and cash equivalents - beginning of year</i>	<u>112,428</u>	<u>3,551,496</u>	<u>375,081</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 265</u>	<u>\$ 3,615,150</u>	<u>\$ 352,102</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (192,778)	\$ (261,547)	\$ (114,502)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	153,076	327,303	101,074
Changes in assets and liabilities			
Receivables	-	71,195	(18,173)
Inventory	(14,063)	(1,289)	-
Prepaid expenses	(667)	1,218	761
Accounts payable	(115,615)	1,796,952	(2,887)
Accrued payroll expenses	671	(1,280)	1,633
Other accrued expenses	63	4,536	11
Accrued compensated absences	(2,452)	(16,355)	(10,340)
Meter deposits and other refundable deposits	-	(59,254)	-
Deferred revenue	-	-	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (171,765)</u>	<u>\$ 1,861,479</u>	<u>\$ (42,423)</u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 184,113	\$ 3,078,240	\$ 465,282
(198,061)	(1,629,011)	(401,456)
(326,149)	(142,035)	(63,045)
1,048,052	1,048,052	-
(427,185)	(427,185)	-
<u>280,770</u>	<u>1,928,061</u>	<u>781</u>
-	(28,948)	-
-	320,105	-
4,158	37,823	506
-	-	-
48,560	48,560	-
-	44,025	610
-	-	-
(43,107)	315,802	-
<u>9,611</u>	<u>737,367</u>	<u>1,116</u>
333,856	1,610,191	-
(277,071)	(5,001,998)	-
(8,752)	(51,515)	-
-	1,179,686	-
-	(16,487)	-
(62,926)	(191,598)	-
(14,893)	(2,471,721)	-
(22,742)	(22,742)	-
1,805	12,098	-
(20,937)	(10,644)	-
254,551	183,063	1,897
<u>609,234</u>	<u>4,648,239</u>	<u>10,202</u>
<u>\$ 863,785</u>	<u>\$ 4,831,302</u>	<u>\$ 12,099</u>
\$ 173,310	\$ (395,517)	\$ (8,422)
104,231	685,684	879
11,371	64,393	-
-	(15,352)	-
(17,493)	(16,181)	(239)
(182)	1,678,268	1,058
9,070	10,094	5,862
-	4,610	1,643
(578)	(29,725)	-
1,080	(58,174)	-
(39)	(39)	-
<u>\$ 280,770</u>	<u>\$ 1,928,061</u>	<u>\$ 781</u>

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STATE OF NEW MEXICO

City of Tucumcari

Notes to Financial Statements

June 30, 2010

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, 2010

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.

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, Tucumcari Housing Authority 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, 2010

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, 2010

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 fund:

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 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. NM02P033501-06, NM02PO33501-07, NM02PO33501-08 and
NM02S033501-09

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

STATE OF NEW MEXICO

City of Tucumcari

Notes to Financial Statements

June 30, 2010

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, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Quay 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, 2010

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
Furniture and fixtures	20 yrs
Infrastructure	10 yrs – 65 yrs
Land improvements	20 yrs
Machinery and equipment	3 yrs – 30 yrs
Vehicles	8 yrs – 15 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, 2010

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, 2010

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the non-GAAP budgetary basis. Budgeted expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The Housing Department budgets exclude depreciation expenses and include capital asset additions as capital outlay expenditures.

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

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

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

	Excess (deficiency) of revenues over expenditures	
	Original	Final
	Budget	Budget
Budgeted Funds:		
General Fund	\$ (59,940)	\$ 286,216
Other Governmental Funds	\$ (555,497)	\$ (832,848)
	Change in Net Assets	
	Original	Final
	Budget	Budget
Airport	\$ 9,250	\$ 9,151
Joint Utility	\$ 504,536	\$ 3,822,575
Solid Waste	\$ 56,941	\$ 314,329
Internal Service Fund	\$ -	\$ -
Housing	\$ -	\$ -

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

STATE OF NEW MEXICO

City of Tucumcari

Notes to Financial Statements

June 30, 2010

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, 2010 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, the state investment pool, money market accounts, and United States Government obligations.

Deposits of funds may be made in interest bearing 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 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 negotiable order of withdrawal (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. However, on October 14, 2008, the FDIC announced a new Transaction Account Guarantee (TAG) program, that provides depositors with unlimited coverage through December 31, 2010, for insured depository institutions (IDIs) currently participating in the TAG program, with the possibility of an additional extension of up to 12 months without additional rulemaking, upon a determination by the FDIC's Board of Directors that continuing economic difficulties warrant further extension. With regards to this Transaction Guarantee Program, noninterest-bearing checking accounts include Demand Deposit Accounts (DDAs) and any other transaction accounts that have unlimited withdrawals and that cannot earn interest. Also included in this program are low-interest NOW accounts that cannot earn more than 0.5% interest. The City's accounts with balances greater than \$250,000 are not covered through the TAG program.

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, 2010, \$2,936,993 of the City's bank balances of \$4,563,021 was exposed to custodial credit risk. \$2,539,454 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the City's name and \$397,539 was uninsured and uncollateralized.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 3. Deposits and Investments (continued)

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. 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. All depositories held collateral exceeding the amount required by law.

	<u>Wells Fargo</u>	<u>First National Bank</u>	<u>Tucumcari Federal</u>
Deposits	\$ 1,368,168	\$ 571,286	\$ 61,734
FDIC Coverage	<u>(500,000)</u>	<u>(500,000)</u>	<u>(61,734)</u>
Total uninsured public funds	868,168	71,286	-
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>1,144,308</u>	<u>373,161</u>	<u>-</u>
Total uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 434,084	\$ 35,643	\$ -
Pledged Collateral	<u>1,144,308</u>	<u>373,161</u>	<u>-</u>
Over (Under) collateralized	<u>\$ 710,224</u>	<u>\$ 337,518</u>	<u>\$ -</u>
		<u>Everyone's Credit Union</u>	<u>Total</u>
Deposits	\$ 2,497,539	\$ 64,294	\$ 4,563,021
FDIC Coverage	<u>(500,000)</u>	<u>(64,294)</u>	<u>(1,626,028)</u>
Total uninsured public funds	1,997,539	-	2,936,993
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>1,600,000</u>	<u>-</u>	<u>3,117,469</u>
Total uninsured and uncollateralized	<u>\$ 397,539</u>	<u>\$ -</u>	<u>\$ 397,539</u>
Collateral requirement (50% of uninsured public funds)	\$ 998,770	\$ -	\$ 1,468,497
Pledged Collateral	<u>1,600,000</u>	<u>-</u>	<u>3,117,469</u>
Over (Under) collateralized	<u>\$ 601,230</u>	<u>\$ -</u>	<u>\$ 1,648,973</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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 Authority’s deposits may not be returned to it. The Authority’s policy regarding types of deposits allowed and collateral requirements is to deposit monies in compliance with state statute. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution. As of June 30, 2010, \$458,784 of the Authority’s deposits totaling \$897,607 were exposed to custodial credit risk. \$458,784 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Authority’s name, and \$0 was uninsured and uncollateralized.

	<u>Wells Fargo</u>	<u>New Mexico Bank & Trust</u>	<u>First National Bank</u>
Deposits	\$ 789,404	\$ 99,944	\$ 8,259
FDIC Coverage	<u>(330,620)</u>	<u>(99,944)</u>	<u>(8,259)</u>
 Total uninsured public funds	 458,784	 -	 -
 Collateral pledged but held in the bank's trust dept. other than in the City's name	 <u>458,784</u>	 <u>-</u>	 <u>-</u>
 Total uninsured and uncollateralized	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>
 Collateral requirement (50% of uninsured public funds)	 \$ 229,392	 \$ -	 \$ -
Pledged Collateral	<u>460,257</u>	<u>-</u>	<u>-</u>
 Over (Under) collateralized	 <u><u>\$ 230,865</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Investments

The City’s investments at June 30, 2010 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>2,000,134*</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, 2010

NOTE 3. Deposits and Investments (continued)

Component Unit

The Authority's investments at June 30, 2010 include the following:

Investments	Maturities	Fair Value	Rating
Certificate of deposit	> 90 Days	\$ 22,742	N/A

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 4,032,516
Restricted cash and cash equivalents per Exhibit A-1	3,050,373
Total cash and cash equivalents	7,082,889
Add: outstanding checks and other reconciling items	449,284
Add: certificate of deposit included in investments	22,742
Less: U.S. Treasury Money Market (cash equivalent)	(2,090,852)
Less: petty cash	(3,435)
Bank balance of deposits	\$ 5,460,628

Component Unit

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 581,611
Restricted cash and cash equivalents per Exhibit A-1	282,174
Total cash and cash equivalents	863,785
Add: outstanding checks and other reconciling items	18,723
Add: certificate of deposit included in investments	22,742
Less: U.S. Treasury Money Market (cash equivalent)	(7,393)
Less: petty cash	(250)
Bank balance of deposits	\$ 897,607

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 4. Receivables

Governmental funds receivables shown net of allowance for doubtful accounts as of June 30, 2010, are as follows:

	General	Total Nonmajor Funds	Total
Property taxes	\$273,362	\$ -	\$ 273,362
Other taxes:			
Gross receipts taxes	473,430	-	473,430
Lodger's taxes	-	48,290	48,290
Gas taxes	-	39,313	39,313
Other taxes	37,197	22,236	59,433
Other receivables			
Intergovernmental-grants:			
State grants	18,643	52,358	71,001
Federal grants	-	65,535	65,535
Ambulance (allowance \$0 and \$161,568, respectively)		80,729	80,729
Miscellaneous (allowance \$58,668 and \$0, respectively)	62,020	3,912	65,932
	<u>\$864,652</u>	<u>\$ 312,373</u>	<u>\$ 1,177,025</u>
Total	<u>\$864,652</u>	<u>\$ 312,373</u>	<u>\$ 1,177,025</u>

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

Proprietary fund receivables shown net of allowance for doubtful accounts as of June 30, 2010, are as follows:

	Airport	Joint Utility	Solid Waste	Housing Authority	Total	Internal Service Fund
Other taxes	\$ -	\$ 48,801	\$ 11,118	\$ -	\$ 59,919	\$ -
Other receivables:						
Intergovernmental-grants:						
Federal			-	85,942	85,942	
State	-	456,502	41,625	-	498,127	-
Miscellaneous, (allowance \$481, \$0, \$0, \$0, and \$213 respectively)	382	25,165	-	-	25,547	-
Customer receivables, (allowance \$0, \$24,282, \$15,902, \$7,569, and \$0 respectively)	-	476,605	35,009	3,275	514,889	-
	<u>\$ 382</u>	<u>\$ 1,007,073</u>	<u>\$ 87,752</u>	<u>\$ 89,217</u>	<u>\$1,184,424</u>	<u>\$ -</u>
Totals by category	<u>\$ 382</u>	<u>\$ 1,007,073</u>	<u>\$ 87,752</u>	<u>\$ 89,217</u>	<u>\$1,184,424</u>	<u>\$ -</u>

STATE OF NEW MEXICO

City of Tucumcari

Notes to Financial Statements

June 30, 2010

NOTE 5. Interfund Receivables, Payables, and Transfers

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

Transfers Out	Transfers In	Amount
General Fund	Lodger's Tax Executive Fund	\$ 81,592
General Fund	Joint Utility	140,671
General Fund	Sanitation Fund	14,355
General Fund	Lodgers Tax/GRT Series 2002 Fund	1,113
General Fund	State Appropriations Project	61,480
General Fund	Fire District Fund	4,447
Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	10,014
Lodger's Tax Executive Fund	Judicial Fund	115
Lodger's Tax Executive Fund	Corrections Fund	5
Lodger's Tax Executive Fund	Recreation Fund	173
Lodger's Tax Promotion Fund	General Fund	74,715
Lodger's Tax Promotion Fund	Lodger's Tax Executive Fund	226,693
Judicial Fund	General Fund	13,396
EMS Fund	General Fund	92,369
Corrections Fund	General Fund	42,300
Fire District Fund	General Fund	26
Fire District Fund	Joint Utility	3,657
Fire District Fund	Internal Service Fund	464
Recreation Fund	General Fund	214,027
Recreation Fund	Joint Utility	3,635
Recreation Fund	Internal Service Fund	35
Recreation Fund	Convention Center Operation and Maintenance Fund	138
Gas Tax Fund	General Fund	51,532
Gas Tax Fund	Joint Utility	18,734
Convention Center Operation and Maintenance Fund	Lodger's Tax Executive Fund	43,562
Convention Center Operation and Maintenance Fund	Lodger's Tax Promotion Fund	146,004
Convention Center Operation and Maintenance Fund	Joint Utility	8,080
1/8% Economic Development Tax	General Fund	5,000
Police Department Construction	General Fund	480
Convention Center Capital Improvements Project	Lodger's Tax Executive Fund	8,545
Golf Capital Improvements	Gas Tax Fund	5,186
Airport	General Fund	85,782
Airport	Joint Utility	4,441
Airport	1/8% Economic Development Tax	8,897
Airport	Convention Center Operation and Maintenance Fund	225
Joint Utility	General Fund	13,691
Joint Utility	Sanitation Fund	30,434
Joint Utility	Airport	33,044
Joint Utility Debt Service - NMED Water Well	Joint Utility	2,899
Joint Utility Debt Service - NMFA Utilities	Joint Utility	27,146
Joint Utility Debt Service - 1996 Bonds	Joint Utility	24,183
Joint Utility Debt Service - USDA/RUS	Joint Utility	162,538
Joint Utility Capital Improvements	Joint Utility	59,105
Joint Utility Capital Improvements	Gas Tax Fund	299,751
Sanitation Fund	General Fund	390
Sanitation Fund	Joint Utility	52,764
Internal Service Fund	General Fund	15,201
Internal Service Fund	Joint Utility	9,830
Lodgers Tax/GRT Series 2002 Fund	Lodger's Tax Executive Fund	168,893
GRT Police Building Debt Service	General Fund	43,608
Total Funds		<u>\$ 2,315,365</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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

Transfers above include a transfer of \$3,114 for the net book value of a vehicle transferred from a governmental fund to a proprietary fund. Since capital assets are not recognized at the fund level for governmental funds, net transfers out of governmental funds are \$3,114 less than net transfers in to proprietary funds at the fund reporting level. The transfer of the asset is fully recognized at the government-wide level.

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2010 is as follows:

Due From	Due To	Amount
	1/8% Economic Development Tax	
Golf Course Capital Improvements	Special Revenue Fund	\$ 52,273
EMS Special Revenue Fund	General Fund	50,995
Fire District Fund Special Revenue Fund	General Fund	89,721
Gas Tax Fund Special Revenue Fund	General Fund	95,022
Airport Fund	General Fund	10,481
		<u>298,492</u>
Total Funds		<u>\$ 298,492</u>

All interfund balances are short-term in nature.

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2010, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land, art, and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 2,237,228	\$ -	\$ -	\$ -	\$ 2,237,228
Art	5,000	-	-	-	5,000
Construction in progress	-	325,700	-	-	325,700
	<u>2,242,228</u>	<u>325,700</u>	<u>-</u>	<u>-</u>	<u>2,567,928</u>
Capital assets being depreciated:					
Buildings and improvements	9,813,405	-	-	-	9,813,405
Infrastructure	749,071	-	-	-	749,071
Machinery and equipment	1,351,029	34,929	-	50,987	1,436,945
Vehicles	2,538,293	374,512	-	(65,187)	2,847,618
	<u>14,451,798</u>	<u>409,441</u>	<u>-</u>	<u>(14,200)</u>	<u>14,847,039</u>
Total capital assets	<u>16,694,026</u>	<u>735,141</u>	<u>-</u>	<u>(14,200)</u>	<u>17,414,967</u>
Accumulated depreciation:					
Buildings and improvements	6,077,524	274,232	-	-	6,351,756
Infrastructure	-	24,969	-	-	24,969
Machinery and equipment	894,899	96,604	-	50,987	1,042,490
Vehicles	2,016,407	196,418	-	(62,073)	2,150,752
Total accumulated depreciation	<u>8,988,830</u>	<u>592,223</u>	<u>-</u>	<u>(11,086)</u>	<u>9,569,967</u>
Net capital assets	<u>\$ 7,705,196</u>	<u>\$ 142,918</u>	<u>\$ -</u>	<u>\$ (3,114)</u>	<u>\$ 7,845,000</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2010 was charged to governmental activities as follows:

General Government	\$ 136,986
Public Safety	239,785
Public Works	36,223
Culture and Recreation	<u>179,229</u>
 Total depreciation expense, governmental activities	 <u>\$ 592,223</u>

The amount above includes \$867 of depreciation expense related to the Internal Service Fund.

Business-type Activities:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 1,530,619	\$ -	\$ -	\$ -	\$ 1,530,619
Construction in progress	4,477,422	4,564,620	130,877	-	8,911,165
	<u>6,008,041</u>	<u>4,564,620</u>	<u>130,877</u>	<u>-</u>	<u>10,441,784</u>
Capital assets being depreciated:					
Buildings and improvements	21,432,450	134,401	-	-	21,566,851
Infrastructure	3,070,287	-	-	-	3,070,287
Machinery and equipment	5,298,617	408,266	-	(35,206)	5,671,677
Vehicles	1,042,206	25,588	-	49,406	1,117,200
	<u>30,843,560</u>	<u>568,255</u>	<u>-</u>	<u>14,200</u>	<u>31,426,015</u>
 Total capital assets	 <u>36,851,601</u>	 <u>5,132,875</u>	 <u>130,877</u>	 <u>14,200</u>	 <u>41,867,799</u>
Accumulated depreciation:					
Buildings and improvements	13,430,222	360,729	-	-	13,790,951
Infrastructure	748,526	68,571	-	-	817,097
Machinery and equipment	3,610,027	223,154	-	(35,206)	3,797,975
Vehicles	832,088	33,230	-	46,292	911,610
Total accumulated depreciation	<u>18,620,863</u>	<u>685,684</u>	<u>-</u>	<u>11,086</u>	<u>19,317,633</u>
 Net capital assets	 <u>\$ 18,230,738</u>	 <u>\$ 4,447,191</u>	 <u>\$ 130,877</u>	 <u>\$ 3,114</u>	 <u>\$ 22,550,166</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2010 was \$685,684.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Due Within One Year
NM Gross Receipts Tax/Lodger's Tax Refunding and Improvement Revenue Bonds, Series 2002	\$ 1,555,000	\$ -	\$ 100,000	\$ 1,455,000	\$ 105,000
NMFA Municipal Pool Improvement Loan	235,055	-	12,617	222,438	12,737
NMFA Public Project Revolving Fund - Police Building Loan	628,591	-	19,914	608,677	20,412
NMFA Fire Pumper Loan	-	253,750	-	253,750	49,975
Compensated Absences	117,231	189,490	174,628	132,093	132,093
Total long-term liabilities	<u>\$ 2,535,877</u>	<u>\$ 443,240</u>	<u>\$ 307,159</u>	<u>\$ 2,671,958</u>	<u>\$ 320,217</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

	<u>Balance 6/30/2010</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>	\$ 1,455,000
<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>	222,438
<p>NMFA Fire Pumper Loan Dated July 24, 2009 in amount \$253,750. Annual principal payments and interest at 0.48% to 0.58% due November 1 and May 1, beginning November 1, 2010. Payments made from Fire Protection Fund Revenues distributed to the City of Tucumcari pursuant to Section 59A-53-7, NMSA 1978, which distributions are made annually by the State Treasurer.</p>	253,750
<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>608,677</u>
	<u>\$ 2,539,865</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

Governmental

Fiscal Year Ending June 30,	Principal					Subtotal
	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	NMFA Fire Pumper Loan		
2011	\$ 105,000	\$ 12,737	\$ 20,412	\$ 49,975	\$ 188,124	
2012	110,000	12,862	20,955	50,213	194,030	
2013	115,000	12,992	21,534	50,628	200,154	
2014	120,000	13,128	22,152	51,156	206,436	
2015	125,000	13,270	22,816	51,778	212,864	
2016-2020	715,000	68,724	125,707	-	909,431	
2021-2025	165,000	73,391	150,357	-	388,748	
2026-2030	-	15,334	183,302	-	198,636	
2031-2035	-	-	41,442	-	41,442	
	<u>\$ 1,455,000</u>	<u>\$ 222,438</u>	<u>\$ 608,677</u>	<u>\$ 253,750</u>	<u>\$ 2,539,865</u>	

Fiscal Year Ending June 30,	Interest					Subtotal	Total
	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	NMFA Fire Pumper Loan			
2011	\$ 66,893	\$ 2,274	\$ 21,249	\$ 4,582	\$ 94,998	\$ 283,122	
2012	62,535	2,182	20,759	2,352	87,828	281,858	
2013	57,860	2,084	20,233	1,936	82,113	282,267	
2014	52,800	1,982	19,670	1,409	75,861	282,297	
2015	47,250	1,872	19,064	787	68,973	281,837	
2016-2020	144,138	7,497	84,611	-	236,246	1,145,677	
2021-2025	7,838	3,724	61,710	-	73,272	462,020	
2026-2030	-	202	30,883	-	31,085	229,721	
2031-2035	-	-	1,689	-	1,689	43,131	
	<u>\$ 439,314</u>	<u>\$ 21,817</u>	<u>\$ 279,868</u>	<u>\$ 11,066</u>	<u>\$ 752,065</u>	<u>\$ 3,291,930</u>	

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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, 2010:

	Balance June 30, 2009	Restatements	Additions	Retirements	June 30, 2010	Due Within One Year
NM Joint Utility System Improvement Revenue Bond, Series 2007A	\$ 1,270,270	\$ -	\$ -	\$ 13,830	\$ 1,256,440	\$ 14,420
NM Joint Utility System Improvement Revenue Bond, Series 2007B	217,908	26,680	-	2,620	241,968	2,740
NM Joint Utility System Improvement Revenue Bond, Series 2005	404,953	(404,953)	615,200	-	615,200	6,000
NM Joint Utility System Improvement Revenue Bond, Series 2008A	-	-	564,486	-	564,486	5,500
NM Water Trust Board and the NMFA - Water Project #136	50,480	-	-	3,548	46,932	2,552
NM Water Trust Board and the NMFA - Water Project #96	350,000	-	-	17,087	332,913	17,130
New Mexico Environmental Department Construction Program Bureau Loan	32,743	-	-	1,916	30,827	1,974
NMFA Drinking Water Loan #2	294,710	-	-	23,395	271,315	23,632
Rural Housing FmHA Note Payable	723,102	-	-	8,752	714,350	9,549
Landfill closure and post closure liability	1,354,373	-	13,820	-	1,368,193	-
Compensated Absences	37,946	-	66,665	56,353	48,258	8,221
Total	\$ 4,736,485	\$ (378,273)	\$ 1,260,171	\$ 127,501	\$ 5,490,882	\$ 91,718

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Business-type Activities (continued)

	<u>Balance 6/30/2010</u>
Joint Utility:	
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.	\$ 1,256,440
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.	241,968
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.	615,200
New Mexico Joint Utility System Improvement Revenue Bond - Series 2008A	
Water System Improvements bond original amount \$546,486 to be paid back over 40 years in annual installments beginning December 15, 2010 and ending December 15, 2050 with an interest rate of 4.50%. Reserve requirement at least one-tenth of one yearly payment per month.	564,486
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.	46,932
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.	332,913
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%.	30,827
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.	271,315
	\$ 3,360,081

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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.

714,350
\$ 4,074,431

Business Type

Fiscal Year Ending June 30,	Principal									
	Revenue Bond Series 2007A	Revenue Bond Series 2007B	Revenue Bond Series 2005	Revenue Bond Series 2008A	Water Project #136	Water Project #96	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa	Subtotal
2011	\$ 14,420	\$ 2,740	\$ 6,000	\$ 5,500	\$ 2,552	\$ 17,130	\$ 1,974	\$ 23,632	\$ 9,549	\$ 83,497
2012	15,030	2,860	6,000	5,800	2,559	17,173	2,033	23,874	10,419	85,748
2013	15,670	2,980	7,000	6,000	2,565	17,216	2,094	24,123	11,368	89,016
2014	16,340	3,110	7,000	6,300	2,572	17,259	2,157	24,378	12,403	91,519
2015	17,030	3,250	7,000	6,600	2,578	17,302	2,222	24,640	13,533	94,155
2016-2020	96,660	18,500	40,000	37,600	12,986	87,164	12,149	127,358	88,562	520,979
2021-2025	119,000	22,930	50,000	47,000	13,151	88,261	8,198	23,310	136,951	508,801
2026-2030	146,540	28,400	61,000	58,500	7,969	71,408	-	-	211,777	585,594
2031-2035	180,450	35,180	75,000	72,800	-	-	-	-	219,788	583,218
2036-2040	222,190	43,580	93,000	90,700	-	-	-	-	-	449,470
2041-2045	273,600	53,980	115,000	113,200	-	-	-	-	-	555,780
2046-2050	139,510	24,458	148,200	114,486	-	-	-	-	-	426,654
	<u>\$1,256,440</u>	<u>\$ 241,968</u>	<u>\$ 615,200</u>	<u>\$ 564,486</u>	<u>\$ 46,932</u>	<u>\$ 332,913</u>	<u>\$ 30,827</u>	<u>\$ 271,315</u>	<u>\$ 714,350</u>	<u>\$ 4,074,431</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt (continued)

Fiscal Year Ending June 30,	Interest										
	Revenue Bond Series 2007A	Revenue Bond Series 2007B	Revenue Bond Series 2005	Revenue Bond Series 2008A	Water Project #136	Water Project #96	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa	Subtotal	Total
2011	\$ 52,835	\$ 10,608	\$ 26,200	\$ 25,164	\$ -	\$ -	\$ 925	\$ 2,259	\$ 62,129	\$ 180,120	\$ 263,617
2012	52,222	10,488	25,900	24,916	-	-	866	2,076	61,259	177,727	263,475
2013	51,584	10,363	25,700	24,655	-	-	805	1,888	60,310	175,305	264,321
2014	50,918	10,233	25,400	24,385	-	-	742	1,694	59,274	172,646	264,165
2015	50,223	10,097	25,100	24,102	-	-	677	1,494	58,144	169,837	263,992
2016-2020	239,623	48,222	120,800	115,784	-	-	2,345	4,255	269,825	800,854	1,321,833
2021-2025	217,262	43,805	111,400	106,515	-	-	497	162	221,437	701,078	1,209,879
2026-2030	189,732	38,332	99,900	94,949	-	-	-	-	146,610	569,523	1,155,117
2031-2035	155,829	31,550	85,800	80,567	-	-	-	-	37,047	390,793	974,011
2036-2040	114,084	23,151	68,400	62,643	-	-	-	-	-	268,278	717,748
2041-2045	62,681	12,748	46,700	40,300	-	-	-	-	-	162,429	718,209
2046-2050	8,101	1,648	20,200	12,487	-	-	-	-	-	42,436	469,090
	<u>\$1,245,094</u>	<u>\$ 251,245</u>	<u>\$ 681,500</u>	<u>\$ 636,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,857</u>	<u>\$ 13,828</u>	<u>\$ 976,035</u>	<u>\$ 3,811,026</u>	<u>\$ 7,885,457</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 \$1,368,193 is an estimate of the remaining liability as of June 30, 2010 for closure and post-closure cost of the landfill currently in operation. At June 30, 2010, it was estimated that the City had utilized 99% 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 \$13,820 based upon the estimated used capacity. Closure/post-closure care costs of the new landfill will not be recorded until the new landfill is put into operation.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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.

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.

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, 2010, 2009, and 2008 were \$342,953, \$315,018, and \$324,406, 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, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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

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.

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. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

(1)

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

(2)

For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are 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, 2010, 2009 and 2008 were \$40,622, \$39,990, and \$39,418, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

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:

On July 27, 2010, a lawsuit was filed by the former Finance Director of the City of Tucumcari alleging wrongful termination under the Whistleblower Protection Act requesting reinstatement of his position as and monetary damages allowed under the Act. Subsequent to this date, the lawsuit was settled out of court for a total out-of-pocket cost to the City of Tucumcari of \$25,000.

In August 2010, a former employee filed suit against the City of Tucumcari claiming that she was terminated without the proper procedures being followed. The claim stems from the ambiguity of the City's classification of exempt employees, who are considered at-will employees and may be terminated at any time, and classified employees, who are entitled to certain procedures prior to termination. The City's attorney has estimated that total exposure, if any, will not exceed \$25,000.

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, 2010:

Special Revenue Funds:

EMS Fund	\$ 48,691
Gas Tax Fund	230,642
	230,642
Total	\$ 279,333

Capital Projects Funds:

Lodger's Tax Acquisition	\$ 18,189
Golf Course Capital Improvements	35,346
NMDRC Grant	8,408
	8,408
Total	\$ 61,943

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 13. Other Required Individual Fund Disclosures (continued)

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2010:

Special Revenue Funds:

Lodger's Tax Promotion	\$ 24,198
EMS Fund	148,506
Corrections	754
Police Narcotics	<u>34,286</u>
Total	<u><u>\$ 207,744</u></u>

Proprietary Funds:

Internal Service Fund	\$ 7,293
Housing	<u>947,623</u>
Total	<u><u>\$ 954,916</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, 2010:

	Designated Cash	Beginning Year Cash & A/R Available	Cash Appropriation in Excess of Available
Law Enforcement Grant Special Revenue Fund	\$ 30,936	\$ 13,576	\$ 17,360
NMDRC Grant Capital Projects Fund	5,670	-	5,670

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

Between July 1, 2010 and December 21, 2010, the City drew down the entire amount of a \$2,188,000 bond issued through the USDA used to finance further expansion and modernization of the wastewater system. The interest rate on this debt issuance is 2.75% and repayment will begin in the year ended June 30, 2012. This debt has not been included in the long-term debt disclosures in the notes to the financial statements since no underlying transactions occurred prior to year-end.

On November 9, 2009, the City signed a loan agreement with the New Mexico Environment Department for a \$100,000 loan under the Clean Water State Revolving Loan Fund. The interest rate on this debt issuance is 0% and repayment will begin within one year of the Project Completion date. This debt has not been included in the long-term debt disclosures in the notes to the financial statements since no underlying transactions occurred prior to year-end.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2010

NOTE 15. Restricted Net Assets

The government-wide statement of net assets reports \$3,411,729 of restricted net assets of which, \$496,192 is restricted for debt service payments, \$554,235 is restricted by enabling legislation for capital projects and \$2,361,302 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 63 to 65 and the proprietary fund descriptions on page 34.

NOTE 16. Commitments

The following is a summary of construction in progress as of June 30, 2010:

Department	Project	Amount Last Year	Amount Added	Total to Date	Estimated Amount to Complete
Streets	Mainstreet Improvements	\$ -	\$ 325,700	\$ 325,700	\$ 3,564,710
	Total Streets	<u>\$ -</u>	<u>\$ 325,700</u>	<u>\$ 325,700</u>	<u>\$ 3,564,710</u>
Jt. Utility Capital	Wastewater Treatment Plant	\$ 2,879,899	\$ 2,414,579	\$ 5,294,478	\$ 10,830,845
		-	958,421	958,421	-
		-	817,832	817,832	-
	Total Jt. Utility	<u>\$ 2,879,899</u>	<u>\$ 4,190,832</u>	<u>\$ 7,070,731</u>	<u>\$ 10,830,845</u>
Sanitation Capital Improvements	Landfill Construction	\$ 959,900	\$ 96,717	\$ 1,056,617	\$ 716,211
	Total Sanitation Capital Imp.	<u>\$ 959,900</u>	<u>\$ 96,717</u>	<u>\$ 1,056,617</u>	<u>\$ 716,211</u>

NOTE 17. Budgetary Fund Balance and Net Asset Restatement

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

Lodger's Tax Executive Special Revenue Fund	\$ (71,076)	Law Enforcement Grant Special Revenue Fund	\$ (26,600)
Lodger's Tax Promotion Special Revenue Fund	2,327	Route 66 Grant Special Revenue Fund	(1,260)
Judicial Special Revenue Fund	5,146	Convention Center Operation and Maintenance Special Revenue Fund	4,021
EMS Special Revenue Fund	23,573	1/8% Economic Development Tax Special Revenue Fund	(15,947)
Corrections Special Revenue Fund	9,000	Senior Citizens' Center Special Revenue Fund	(25,500)
Fire District Special Revenue Fund	(253,268)	Golf Course Capital Improvements Capital Projects Fund	(3,737)
Recreation Special Revenue Fund	2,842	State Appropriations Project Capital Projects Fund	(59,274)
Gas Tax Special Revenue Fund	(8,528)		

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

Net assets were restated in the Joint Utility proprietary fund due to prior-year errors in the classification of debt proceeds. The restatement reduced beginning net assets by \$378,273.

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SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds Descriptions
June 30, 2010

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 the 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. 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, 2010

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

Lodger's Tax Acquisition Project

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

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds Descriptions
June 30, 2010

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 to this fund until \$200,000 is accumulated. This fund may only be used for improving or bettering the convention center facility. Authority for this fund was granted from the City 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 taxes. 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; 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; and 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 funds are from the distribution of the revenues of the third one-sixteenth of one percent increment of Municipal Infrastructure Gross Receipts Tax, enacted pursuant to Section 7-19D-11 and City of Tucumcari Ordinance No. 843, adopted by the City of Tucumcari on March 30, 1992, as amended by Ordinance No. 970, adopted by the City on October 24, 2002, which distributions are made monthly by the New Mexico Taxation and Revenue Department.

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2010

Special Revenue

	Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 88,616	\$ 36,888	\$ 4,882	\$ 9,864
Receivables:				
Property taxes	-	-	-	-
Other taxes	48,290	-	-	-
Other receivables	-	7,282	-	96,335
Inventory	-	-	-	-
Prepaid insurance	-	-	-	677
Interfund note receivable	-	-	-	-
<i>Total assets</i>	<u>\$ 136,906</u>	<u>\$ 44,170</u>	<u>\$ 4,882</u>	<u>\$ 106,876</u>
<i>Liabilities</i>				
Accounts payable	\$ 4,996	\$ -	\$ -	\$ 6,458
Accrued payroll expenses	-	-	-	13,670
Other accrued expenses	-	-	-	3,715
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	80,729
Meter and other refundable deposits	-	-	-	-
Interfund note payable	-	-	-	-
Due to other funds	-	-	-	50,995
<i>Total liabilities</i>	<u>4,996</u>	<u>-</u>	<u>-</u>	<u>155,567</u>
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	-	677
Unreserved, reported in:				
Special revenue	131,910	44,170	4,882	(49,368)
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>131,910</u>	<u>44,170</u>	<u>4,882</u>	<u>(48,691)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 136,906</u>	<u>\$ 44,170</u>	<u>\$ 4,882</u>	<u>\$ 106,876</u>

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>
\$ 1,862	\$ 351,592	\$ 23,852	\$ -	\$ -
-	-	-	-	-
-	-	-	23,707	-
-	-	-	17,539	29,600
-	-	-	-	-
-	8,221	4,249	-	-
-	-	-	-	-
<u>\$ 1,862</u>	<u>\$ 359,813</u>	<u>\$ 28,101</u>	<u>\$ 41,246</u>	<u>\$ 29,600</u>
\$ 857	\$ 2,605	\$ 7,222	\$ 172,341	\$ -
-	-	8,211	3,710	-
-	-	655	570	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	89,721	-	95,022	-
<u>857</u>	<u>92,326</u>	<u>16,088</u>	<u>271,643</u>	<u>-</u>
-	-	-	-	-
-	8,221	4,249	-	-
1,005	259,266	7,764	(230,397)	29,600
-	-	-	-	-
<u>1,005</u>	<u>267,487</u>	<u>12,013</u>	<u>(230,397)</u>	<u>29,600</u>
<u>\$ 1,862</u>	<u>\$ 359,813</u>	<u>\$ 28,101</u>	<u>\$ 41,246</u>	<u>\$ 29,600</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2010

	Special Revenue			
	Route 66 Grant Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund	1/8% Economic Development Tax
<i>Assets</i>				
Cash and cash equivalents	\$ 1,260	\$ 1,129	\$ 24,511	\$ 477,876
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	22,236
Other receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	4,407	-
Interfund note receivable	-	-	-	52,273
<i>Total assets</i>	\$ 1,260	\$ 1,129	\$ 28,918	\$ 552,385
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 3,062	\$ 55,529
Accrued payroll expenses	-	-	3,551	-
Other accrued expenses	-	-	679	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	1,281	-
Interfund note payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	-	8,573	55,529
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	4,407	-
Unreserved, reported in:				
Special revenue	1,260	1,129	15,938	496,856
Capital projects	-	-	-	-
<i>Total fund balances</i>	1,260	1,129	20,345	496,856
<i>Total liabilities and fund balances</i>	\$ 1,260	\$ 1,129	\$ 28,918	\$ 552,385

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
John D. Hoffman Endowment	Police Narcotics Fund	Senior Citizen's Center Fund	Local Law Enforcement Block Grant	Lodger's Tax Acquisition	
\$ 1,056	\$ 36,198	\$ 41,778	\$ -	\$ 946	
-	-	-	-	-	
-	-	-	-	-	
-	-	63,472	-	-	
-	-	-	-	-	
-	-	1,091	-	-	
-	-	-	-	-	
<u>\$ 1,056</u>	<u>\$ 36,198</u>	<u>\$ 106,341</u>	<u>\$ -</u>	<u>\$ 946</u>	
\$ -	\$ -	\$ 14,734	\$ -	\$ 19,135	
-	-	5,223	-	-	
-	-	737	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>20,694</u>	<u>-</u>	<u>19,135</u>	
-	-	-	-	-	
-	-	1,091	-	-	
1,056	36,198	84,556	-	-	
-	-	-	-	(18,189)	
<u>1,056</u>	<u>36,198</u>	<u>85,647</u>	<u>-</u>	<u>(18,189)</u>	
<u>\$ 1,056</u>	<u>\$ 36,198</u>	<u>\$ 106,341</u>	<u>\$ -</u>	<u>\$ 946</u>	

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2010

	Capital Projects			
	Convention Center Capital Improvements	Golf Course Capital Improvements	NMRDRC Grant	State Appropriations Project
<i>Assets</i>				
Cash and cash equivalents	\$ 10,341	\$ 13,015	\$ 37,805	\$ -
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	3,912	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Interfund note receivable	-	-	-	-
<i>Total assets</i>	\$ 10,341	\$ 16,927	\$ 37,805	\$ -
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 46,213	\$ -
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	-	-
Interfund note payable	-	52,273	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	52,273	46,213	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	-	-
Unreserved, reported in:				
Special revenue	-	-	-	-
Capital projects	10,341	(35,346)	(8,408)	-
<i>Total fund balances</i>	10,341	(35,346)	(8,408)	-
<i>Total liabilities and fund balances</i>	\$ 10,341	\$ 16,927	\$ 37,805	\$ -

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>		
<u>Lodger's Tax / GRT Series 2002 Fund</u>	<u>GRT Police Building</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 181,489	\$ 54,912	\$ 1,399,872
-	-	-
-	-	94,233
-	-	218,140
-	-	-
-	-	18,645
-	-	52,273
<u>\$ 181,489</u>	<u>\$ 54,912</u>	<u>\$ 1,783,163</u>
\$ -	\$ -	\$ 333,152
-	-	34,365
-	-	6,356
-	-	-
-	-	-
-	-	80,729
-	-	1,281
-	-	52,273
-	-	235,738
<u>-</u>	<u>-</u>	<u>743,894</u>
181,489	54,912	236,401
-	-	18,645
-	-	835,825
-	-	(51,602)
<u>181,489</u>	<u>54,912</u>	<u>1,039,269</u>
<u>\$ 181,489</u>	<u>\$ 54,912</u>	<u>\$ 1,783,163</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, 2010

	Special Revenue			
	Lodgers' Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Revenues:</i>				
<i>Taxes:</i>				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	440,403	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	91	-
Federal capital grants	-	-	-	-
State operating grants	-	14,432	-	39,941
State capital grants	-	-	-	-
Charges for services	-	-	-	521,814
Licenses and fees	6,096	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	11,000	-
<i>Total revenues</i>	446,499	14,432	11,091	561,755
<i>Expenditures:</i>				
<i>Current:</i>				
General government	5,430	98,617	-	-
Public safety	-	-	17,581	690,220
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	5,430	98,617	17,581	690,220
<i>Excess (deficiency) of revenues over expenditures</i>	441,069	(84,185)	(6,490)	(128,465)
<i>Other financing sources (uses)</i>				
Transfers in	10,307	301,408	13,396	92,369
Transfers out	(529,285)	(156,018)	(115)	-
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	(518,978)	145,390	13,281	92,369
<i>Net change in fund balances</i>	(77,909)	61,205	6,791	(36,096)
<i>Fund balances - beginning of year</i>	209,819	(17,035)	(1,909)	(12,595)
<i>Fund balances - end of year</i>	\$ 131,910	\$ 44,170	\$ 4,882	\$ (48,691)

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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	273,407	-
-	-	8,255	-	-
-	-	-	-	-
-	-	-	17,539	-
-	-	1,158	-	29,600
-	-	-	-	-
-	-	398	-	-
18,063	-	23,549	-	-
-	1,777	31	-	-
-	588	5,913	-	17,360
<u>18,063</u>	<u>2,365</u>	<u>39,304</u>	<u>290,946</u>	<u>46,960</u>
-	-	-	-	-
50,404	123,479	-	-	22,094
-	-	-	236,459	-
-	-	241,424	-	-
-	-	-	-	-
-	312,306	-	-	35,442
-	-	12,617	-	-
-	-	2,363	-	-
<u>50,404</u>	<u>435,785</u>	<u>256,404</u>	<u>236,459</u>	<u>57,536</u>
<u>(32,341)</u>	<u>(433,420)</u>	<u>(217,100)</u>	<u>54,487</u>	<u>(10,576)</u>
42,300	4,147	217,835	70,266	-
(5)	(4,447)	(173)	(304,937)	-
-	253,750	-	-	-
<u>42,295</u>	<u>253,450</u>	<u>217,662</u>	<u>(234,671)</u>	<u>-</u>
9,954	(179,970)	562	(180,184)	(10,576)
<u>(8,949)</u>	<u>447,457</u>	<u>11,451</u>	<u>(50,213)</u>	<u>40,176</u>
<u>\$ 1,005</u>	<u>\$ 267,487</u>	<u>\$ 12,013</u>	<u>\$ (230,397)</u>	<u>\$ 29,600</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, 2010

	Special Revenue			
	Route 66 Grant Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund	1/8% Economic Development Tax
<i>Revenues:</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ 129,075
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	32	24,071	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	2,758
Miscellaneous	-	-	16,847	-
<i>Total revenues</i>	<u>-</u>	<u>32</u>	<u>40,918</u>	<u>131,833</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	214,699	112,441
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>214,699</u>	<u>112,441</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>32</u>	<u>(173,781)</u>	<u>19,392</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	197,646	5,000
Transfers out	-	-	(363)	(8,897)
Proceeds from loans	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>197,283</u>	<u>(3,897)</u>
<i>Net change in fund balances</i>	-	32	23,502	15,495
<i>Fund balances - beginning of year</i>	<u>1,260</u>	<u>1,097</u>	<u>(3,157)</u>	<u>481,361</u>
<i>Fund balances - end of year</i>	<u>\$ 1,260</u>	<u>\$ 1,129</u>	<u>\$ 20,345</u>	<u>\$ 496,856</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects
John D. Hoffman Endowment	Police Narcotics Fund	Senior Citizen's Center Fund	Local Law Enforcement Block Grant	Lodger's Tax Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	61,440	-	-
-	-	-	26,626	-
-	-	325,375	-	-
-	-	-	-	-
-	-	-	-	-
-	66	-	-	-
-	-	70,294	-	-
-	66	457,109	26,626	-
-	-	-	1,324	-
-	34,286	-	-	-
-	-	-	-	574
-	-	-	-	-
-	-	405,905	-	-
-	-	-	25,302	19,135
-	-	-	-	-
-	-	-	-	-
-	34,286	405,905	26,626	19,709
-	(34,220)	51,204	-	(19,709)
-	-	-	480	-
-	-	-	-	-
-	-	-	-	-
-	-	-	480	-
-	(34,220)	51,204	480	(19,709)
1,056	70,418	34,443	(480)	1,520
\$ 1,056	\$ 36,198	\$ 85,647	\$ -	\$ (18,189)

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, 2010

	Capital Projects			
	Convention Center Capital Improvements	Golf Course Capital Improvements	NMRDRC Grant	State Appropriations Project
<i>Revenues:</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	319,998	5,818
Charges for services	-	10,850	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>10,850</u>	<u>319,998</u>	<u>5,818</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,945	7,747	2,706	3,612
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	325,700	-
Debt service:				
Principal	-	-	-	-
Interest	-	164	-	-
<i>Total expenditures</i>	<u>2,945</u>	<u>7,911</u>	<u>328,406</u>	<u>3,612</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,945)</u>	<u>2,939</u>	<u>(8,408)</u>	<u>2,206</u>
<i>Other financing sources (uses)</i>				
Transfers in	8,545	5,186	-	-
Transfers out	-	-	-	(61,480)
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,545</u>	<u>5,186</u>	<u>-</u>	<u>(61,480)</u>
<i>Net change in fund balances</i>	5,600	8,125	(8,408)	(59,274)
<i>Fund balances - beginning of year</i>	<u>4,741</u>	<u>(43,471)</u>	<u>-</u>	<u>59,274</u>
<i>Fund balances - end of year</i>	<u>\$ 10,341</u>	<u>\$ (35,346)</u>	<u>\$ (8,408)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>		
<u>Lodger's Tax / GRT Series 2002 Fund</u>	<u>GRT Police Building</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 129,075
-	-	273,407
-	-	448,658
-	-	61,531
-	-	44,165
-	-	410,506
-	-	325,816
-	-	557,165
-	-	47,708
2,500	86	7,218
-	-	122,002
<u>2,500</u>	<u>86</u>	<u>2,427,251</u>
500	1,572	434,583
-	-	938,064
-	-	254,043
-	-	241,424
-	-	405,905
-	-	717,885
100,000	19,914	132,531
70,893	21,696	95,116
<u>171,393</u>	<u>43,182</u>	<u>3,219,551</u>
<u>(168,893)</u>	<u>(43,096)</u>	<u>(792,300)</u>
168,893	43,608	1,181,386
-	(1,113)	(1,066,833)
-	-	253,750
<u>168,893</u>	<u>42,495</u>	<u>368,303</u>
-	(601)	(423,997)
<u>181,489</u>	<u>55,513</u>	<u>1,463,266</u>
<u>\$ 181,489</u>	<u>\$ 54,912</u>	<u>\$ 1,039,269</u>

STATE OF NEW MEXICO

Statement B-1

City of Tucumcari

Lodger's Tax Executive Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	465,000	465,000	467,989	2,989
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	1,500	1,500	1,296	(204)
Investment income	500	500	-	(500)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>467,000</u>	<u>467,000</u>	<u>469,285</u>	<u>2,285</u>
<i>Expenditures:</i>				
Current:				
General government	13,500	13,500	434	13,066
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,500</u>	<u>13,500</u>	<u>434</u>	<u>13,066</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>453,500</u>	<u>453,500</u>	<u>468,851</u>	<u>15,351</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	10,307	10,307
Transfers out	(453,500)	(453,500)	(529,285)	(75,785)
<i>Total other financing sources (uses)</i>	<u>(453,500)</u>	<u>(453,500)</u>	<u>(518,978)</u>	<u>(65,478)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(50,127)</u>	<u>(50,127)</u>
<i>Fund balance - beginning of year</i>	-	-	209,819	209,819
<i>Restatement, Note 17</i>	-	-	(71,076)	(71,076)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>138,743</u>	<u>138,743</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,616</u>	<u>\$ 88,616</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (50,127)
Adjustments to revenues for tax and other accruals				(22,786)
Adjustments to expenditures for general government function accruals				(4,996)
Net change in fund balance (GAAP Basis)				<u>\$ (77,909)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Tucumcari
 Lodger's Tax Promotion Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	15,000	15,000	7,150	(7,850)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,250</u>	<u>15,250</u>	<u>7,150</u>	<u>(8,100)</u>
<i>Expenditures:</i>				
Current:				
General government	76,746	76,746	100,944	(24,198)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>76,746</u>	<u>76,746</u>	<u>100,944</u>	<u>(24,198)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(61,496)</u>	<u>(61,496)</u>	<u>(93,794)</u>	<u>(32,298)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	232,500	232,500	301,408	68,908
Transfers out	(171,004)	(171,004)	(156,018)	14,986
<i>Total other financing sources (uses)</i>	<u>61,496</u>	<u>61,496</u>	<u>145,390</u>	<u>83,894</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>51,596</u>	<u>51,596</u>
<i>Fund balance - beginning of year</i>	-	-	(17,035)	(17,035)
<i>Restatement, Note 17</i>	-	-	2,327	2,327
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(14,708)</u>	<u>(14,708)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,888</u>	<u>\$ 36,888</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 51,596
Adjustments to revenues for grant accruals				7,282
Adjustments to expenditures for general government function accruals				2,327
Net change in fund balance (GAAP Basis)				<u>\$ 61,205</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Tucumcari

Judicial Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	18,808	18,808	91	-
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>29,308</u>	<u>29,308</u>	<u>11,091</u>	<u>500</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	42,704	42,704	22,727	19,977
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>42,704</u>	<u>42,704</u>	<u>22,727</u>	<u>19,977</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,396)</u>	<u>(13,396)</u>	<u>(11,636)</u>	<u>20,477</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	13,396	13,396	13,396	-
Transfers out	-	-	(115)	(115)
<i>Total other financing sources (uses)</i>	<u>13,396</u>	<u>13,396</u>	<u>13,281</u>	<u>(115)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,645</u>	<u>1,645</u>
<i>Fund balance - beginning of year</i>	-	-	(1,909)	(1,909)
<i>Restatement, Note 17</i>	-	-	5,146	5,146
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>3,237</u>	<u>3,237</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,882</u>	<u>\$ 4,882</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,645
No adjustments for revenue accruals				-
Adjustments to expenditures for public safety function accruals				5,146
Net change in fund balance (GAAP Basis)				<u>\$ 6,791</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Tucumcari

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	24,752	24,752	24,335	(417)
State capital grants	-	-	-	-
Charges for services	450,000	425,000	521,814	96,814
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>474,752</u>	<u>449,752</u>	<u>546,149</u>	<u>96,397</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	522,121	542,103	690,609	(148,506)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	18	18	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>522,121</u>	<u>542,121</u>	<u>690,627</u>	<u>(148,506)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(47,369)</u>	<u>(92,369)</u>	<u>(144,478)</u>	<u>(52,109)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	47,369	92,369	92,369	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>47,369</u>	<u>92,369</u>	<u>92,369</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(52,109)</u>	<u>(52,109)</u>
<i>Fund balance - beginning of year</i>	-	-	(12,595)	(12,595)
<i>Restatement, Note 17</i>	-	-	23,573	23,573
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>10,978</u>	<u>10,978</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,131)</u>	<u>\$ (41,131)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (52,109)
Adjustments to revenues for grant accruals				15,606
Adjustments to expenditures for public safety function accruals				407
Net change in fund balance (GAAP Basis)				<u>\$ (36,096)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Tucumcari

Corrections Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	19,500	16,350	18,920	2,570
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>19,500</u>	<u>16,350</u>	<u>18,920</u>	<u>2,570</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	54,150	58,650	59,404	(754)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>54,150</u>	<u>58,650</u>	<u>59,404</u>	<u>(754)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(34,650)</u>	<u>(42,300)</u>	<u>(40,484)</u>	<u>1,816</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	34,650	42,300	42,300	-
Transfers out	-	-	(5)	(5)
<i>Total other financing sources (uses)</i>	<u>34,650</u>	<u>42,300</u>	<u>42,295</u>	<u>(5)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,811</u>	<u>1,811</u>
<i>Fund balance - beginning of year</i>	-	-	(8,949)	(8,949)
<i>Restatement, Note 17</i>	-	-	9,000	9,000
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,862</u>	<u>\$ 1,862</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,811
Adjustments to revenues for miscellaneous accruals				(857)
Adjustments to expenditures for public safety function accruals				9,000
Net change in fund balance (GAAP Basis)				<u>\$ 9,954</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Tucumcari

Fire District Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	244,578	244,578	244,578	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,500	1,500	1,777	277
Miscellaneous	-	-	588	588
<i>Total revenues</i>	<u>246,078</u>	<u>246,078</u>	<u>246,943</u>	<u>865</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	174,450	174,451	106,754	67,697
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	265,515	515,515	325,957	189,558
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>439,965</u>	<u>689,966</u>	<u>432,711</u>	<u>257,255</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(193,887)</u>	<u>(443,888)</u>	<u>(185,768)</u>	<u>258,120</u>
<i>Other financing sources (uses)</i>				
Designated cash	193,887	193,888	-	(193,888)
Transfers in	-	-	4,147	4,147
Transfers out	-	-	(4,447)	(4,447)
Proceeds of debt issuance	-	250,000	253,750	3,750
<i>Total other financing sources (uses)</i>	<u>193,887</u>	<u>443,888</u>	<u>253,450</u>	<u>(190,438)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>67,682</u>	<u>67,682</u>
<i>Fund balance - beginning of year</i>	-	-	447,457	447,457
<i>Restatement, Note 17</i>	-	-	(253,268)	(253,268)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>194,189</u>	<u>194,189</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,871</u>	<u>\$ 261,871</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 67,682
Adjustments to revenues for grant accruals				(244,578)
Adjustments to expenditures for public safety function and capital outlay accruals				(3,074)
Net change in fund balance (GAAP Basis)				<u>\$ (179,970)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Tucumcari

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	8,275	8,275	8,255	(20)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	1,158	1,158	-
State capital grants	-	-	-	-
Charges for services	600	600	398	(202)
Licenses and fees	23,000	21,842	23,549	1,707
Investment income	350	350	31	(319)
Miscellaneous	3,000	1,683	5,913	4,230
<i>Total revenues</i>	<u>35,225</u>	<u>33,908</u>	<u>39,304</u>	<u>5,396</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	230,382	233,083	232,427	656
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	12,617	12,617	12,617	-
Interest	2,363	2,363	2,363	-
<i>Total expenditures</i>	<u>245,362</u>	<u>248,063</u>	<u>247,407</u>	<u>656</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(210,137)</u>	<u>(214,155)</u>	<u>(208,103)</u>	<u>6,052</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	4,018	-	(4,018)
Proceeds from debt issuance	-	-	-	-
Transfers in	210,137	210,137	217,835	7,698
Transfers out	-	-	(173)	(173)
<i>Total other financing sources (uses)</i>	<u>210,137</u>	<u>214,155</u>	<u>217,662</u>	<u>3,507</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>9,559</u>	<u>9,559</u>
<i>Fund balance - beginning of year</i>	-	-	11,451	11,451
<i>Restatement, Note 17</i>	-	-	2,842	2,842
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>14,293</u>	<u>14,293</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,852</u>	<u>\$ 23,852</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 9,559
No adjustments for revenue accruals				-
Adjustments to expenditures for culture and recreation function accruals				(8,997)
Net change in fund balance (GAAP Basis)				<u>\$ 562</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Tucumcari

Gas Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	270,000	270,000	271,966	1,966
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	1,785,000	-	(1,785,000)
State operating grants	1,263,786	1,263,786	-	(1,263,786)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,533,786</u>	<u>3,318,786</u>	<u>271,966</u>	<u>(3,046,820)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,374,778	1,374,778	240,654	1,134,124
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	159,008	1,944,008	132,673	1,811,335
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,533,786</u>	<u>3,318,786</u>	<u>373,327</u>	<u>2,945,459</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(101,361)</u>	<u>(101,361)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	70,266	70,266
Transfers out	-	-	(5,186)	(5,186)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>65,080</u>	<u>65,080</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(36,281)</u>	<u>(36,281)</u>
<i>Fund balance - beginning of year</i>	-	-	(50,213)	(50,213)
<i>Restatement, Note 17</i>	-	-	(8,528)	(8,528)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(58,741)</u>	<u>(58,741)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,022)</u>	<u>\$ (95,022)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (36,281)
Adjustments to revenues for grant and tax accruals				18,980
Adjustments to expenditures for public works function and capital outlay accruals and transfers				(162,883)
Net change in fund balance (GAAP Basis)				<u>\$ (180,184)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

City of Tucumcari
 Law Enforcement Grant Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	26,600	26,600	26,600	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	17,360	17,360
<i>Total revenues</i>	<u>26,600</u>	<u>26,600</u>	<u>43,960</u>	<u>17,360</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	13,850	13,850	15,752	(1,902)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	26,326	43,686	41,784	1,902
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,176</u>	<u>57,536</u>	<u>57,536</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,576)</u>	<u>(30,936)</u>	<u>(13,576)</u>	<u>17,360</u>
<i>Other financing sources (uses)</i>				
Designated cash	13,576	30,936	-	(30,936)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,576</u>	<u>30,936</u>	<u>-</u>	<u>(30,936)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(13,576)</u>	<u>(13,576)</u>
<i>Fund balance - beginning of year</i>	-	-	40,176	40,176
<i>Restatement, Note 17</i>	-	-	(26,600)	(26,600)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>13,576</u>	<u>13,576</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (13,576)
Adjustments to revenues for grant accruals				3,000
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (10,576)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Tucumcari
Route 66 Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	-	-	1,260	1,260
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,260</u>	<u>1,260</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>1,260</u>	<u>1,260</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>1,260</u>	<u>1,260</u>
<i>Fund balance - beginning of year</i>	-	-	1,260	-
<i>Restatement, Note 17</i>	-	-	(1,260)	-
<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>\$ 1,260</u>	<u>\$ 1,260</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,260
Adjustments to revenues for grant accruals				(1,260)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Tucumcari

Traffic Safety Education and Enforcement Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	20	20	32	12
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20</u>	<u>20</u>	<u>32</u>	<u>12</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	20	20	-	20
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20</u>	<u>20</u>	<u>-</u>	<u>20</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</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>32</u>	<u>32</u>
<i>Fund balance - beginning of year</i>	-	-	1,097	1,097
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>1,097</u>	<u>1,097</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ 1,129</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 32
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 32</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Tucumcari

Convention Center Operation and Maintenance Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	25,000	25,000	24,071	(929)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	13,500	13,500	16,847	3,347
<i>Total revenues</i>	<u>38,500</u>	<u>38,500</u>	<u>40,918</u>	<u>2,418</u>
<i>Expenditures:</i>				
Current:				
General government	253,066	253,066	215,835	37,231
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>253,066</u>	<u>253,066</u>	<u>215,835</u>	<u>37,231</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(214,566)</u>	<u>(214,566)</u>	<u>(174,917)</u>	<u>39,649</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	214,566	214,566	197,646	(16,920)
Transfers out	-	-	(363)	(363)
<i>Total other financing sources (uses)</i>	<u>214,566</u>	<u>214,566</u>	<u>197,283</u>	<u>(17,283)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>22,366</u>	<u>22,366</u>
<i>Fund balance - beginning of year</i>	-	-	(3,157)	(3,157)
<i>Restatement, Note 17</i>	-	-	4,021	4,021
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>864</u>	<u>864</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,230</u>	<u>\$ 23,230</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 22,366
No adjustments for revenue accruals				-
Adjustments to expenditures for general government function accruals				1,136
Net change in fund balance (GAAP Basis)				<u>\$ 23,502</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Tucumcari

1/8% Economic Development Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	128,802	128,802	128,158	(644)
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	2,500	2,500	2,594	94
Miscellaneous	10,000	10,000	-	(10,000)
<i>Total revenues</i>	<u>141,302</u>	<u>141,302</u>	<u>130,752</u>	<u>(10,550)</u>
<i>Expenditures:</i>				
Current:				
General government	106,232	103,232	29,102	74,130
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	25,000	28,000	25,612	2,388
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>131,232</u>	<u>131,232</u>	<u>54,714</u>	<u>76,518</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,070</u>	<u>10,070</u>	<u>76,038</u>	<u>65,968</u>
<i>Other financing sources (uses)</i>				
Designated cash	(5,820)	(5,820)	-	5,820
Transfers in	5,000	5,000	5,000	-
Transfers out	(9,250)	(9,250)	(16,303)	(7,053)
<i>Total other financing sources (uses)</i>	<u>(10,070)</u>	<u>(10,070)</u>	<u>(11,303)</u>	<u>(1,233)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>64,735</u>	<u>64,735</u>
<i>Fund balance - beginning of year</i>	-	-	481,361	481,361
<i>Restatement, Note 17</i>	-	-	(15,947)	(15,947)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>465,414</u>	<u>465,414</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,149</u>	<u>\$ 530,149</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 64,735
Adjustment to revenues for tax accruals and interfund loan payments received				8,487
Adjustments to expenditures for general government function accruals				(57,727)
Net change in fund balance (GAAP Basis)				<u>\$ 15,495</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Tucumcari

John D. Hoffman Endowment Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	2	2	-	(2)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</u>
<i>Expenditures:</i>				
Current:				
General government	58	58	-	58
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>58</u>	<u>58</u>	<u>-</u>	<u>58</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(56)</u>	<u>(56)</u>	<u>-</u>	<u>56</u>
<i>Other financing sources (uses)</i>				
Designated cash	56	56	-	(56)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>56</u>	<u>56</u>	<u>-</u>	<u>(56)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	1,056	1,056
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>1,056</u>	<u>1,056</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,056</u>	<u>\$ 1,056</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Tucumcari

Police Narcotics Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	-	-	66	66
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	34,286	(34,286)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>34,286</u>	<u>(34,286)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(34,220)</u>	<u>(34,220)</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>(34,220)</u>	<u>(34,220)</u>
<i>Fund balance - beginning of year</i>	-	-	70,418	70,418
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>70,418</u>	<u>70,418</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,198</u>	<u>\$ 36,198</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (34,220)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (34,220)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Tucumcari
 Senior Citizens' Center Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	54,083	62,845	64,121	1,276
Federal capital grants	-	-	-	-
State operating grants	291,366	330,522	317,250	(13,272)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	61,515	55,200	55,293	93
<i>Total revenues</i>	<u>406,964</u>	<u>448,567</u>	<u>436,664</u>	<u>(11,903)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	415,758	457,359	403,829	53,530
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>415,758</u>	<u>457,359</u>	<u>403,829</u>	<u>53,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,794)</u>	<u>(8,792)</u>	<u>32,835</u>	<u>41,627</u>
<i>Other financing sources (uses)</i>				
Designated cash	8,794	8,792	-	(8,792)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,794</u>	<u>8,792</u>	<u>-</u>	<u>(8,792)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>32,835</u>	<u>32,835</u>
<i>Fund balance - beginning of year</i>	-	-	34,443	34,443
<i>Restatement, Note 17</i>	-	-	(25,500)	(25,500)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>8,943</u>	<u>8,943</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,778</u>	<u>\$ 41,778</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 32,835
Adjustments to revenues for grant accruals				20,445
Adjustments to expenditures for health and welfare function accruals				(2,076)
Net change in fund balance (GAAP Basis)				<u>\$ 51,204</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

City of Tucumcari

Local Law Enforcement Block Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	-	26,626	26,626	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>26,626</u>	<u>26,626</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	26,626	26,626	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>26,626</u>	<u>26,626</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	-	-	480	480
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>480</u>	<u>480</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>480</u>	<u>480</u>
<i>Fund balance - beginning of year</i>	-	-	(480)	(480)
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(480)</u>	<u>(480)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 480
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 480</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

City of Tucumcari

Lodger's Tax Acquisition Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	1,520	1,520	574	946
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,520</u>	<u>1,520</u>	<u>574</u>	<u>946</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,520)</u>	<u>(1,520)</u>	<u>(574)</u>	<u>946</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,520	1,520	-	(1,520)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,520</u>	<u>1,520</u>	<u>-</u>	<u>(1,520)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(574)</u>	<u>(574)</u>
<i>Fund balance - beginning of year</i>	-	-	1,520	1,520
<i>Restatement, Note 17</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>\$ 946</u>	<u>\$ 946</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (574)
No adjustments for revenue accruals				-
Adjustments to expenditures for accrual of capital outlay				<u>(19,135)</u>
Net change in fund balance (GAAP Basis)				<u>\$ (19,709)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

City of Tucumcari

Convention Center Capital Improvements Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	8,545	8,545	2,945	5,600
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,545</u>	<u>8,545</u>	<u>2,945</u>	<u>5,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,545)</u>	<u>(8,545)</u>	<u>(2,945)</u>	<u>5,600</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	8,545	8,545	8,545	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,545</u>	<u>8,545</u>	<u>8,545</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>5,600</u>	<u>5,600</u>
<i>Fund balance - beginning of year</i>	-	-	4,741	4,741
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>4,741</u>	<u>4,741</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,341</u>	<u>\$ 10,341</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,600
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,600</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

City of Tucumcari

Golf Course Capital Improvements Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	12,045	12,600	12,600	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,045</u>	<u>12,600</u>	<u>12,600</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	555	-	555
Health and welfare	-	-	-	-
Capital outlay	4,475	13,611	7,747	5,864
Debt service:				
Principal	7,406	7,406	7,406	-
Interest	164	164	164	-
<i>Total expenditures</i>	<u>12,045</u>	<u>21,736</u>	<u>15,317</u>	<u>6,419</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(9,136)</u>	<u>(2,717)</u>	<u>6,419</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	9,136	-	(9,136)
Transfers in	-	-	5,186	5,186
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>9,136</u>	<u>5,186</u>	<u>(3,950)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,469</u>	<u>2,469</u>
<i>Fund balance - beginning of year</i>	-	-	(43,471)	(43,471)
<i>Restatement, Note 17</i>	-	-	(3,737)	(3,737)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(47,208)</u>	<u>(47,208)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,739)</u>	<u>\$ (44,739)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,469
Adjustments to revenues for user fee accruals				(1,750)
Adjustments to expenditures for interfund loan payments				7,406
Net change in fund balance (GAAP Basis)				<u>\$ 8,125</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

City of Tucumcari
 NMRDRC Grant Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	-	1,150,586	319,998	(830,588)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,150,586</u>	<u>319,998</u>	<u>(830,588)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	1,156,256	282,193	874,063
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,156,256</u>	<u>282,193</u>	<u>874,063</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,670)</u>	<u>37,805</u>	<u>43,475</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	5,670	-	(5,670)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5,670</u>	<u>-</u>	<u>(5,670)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>37,805</u>	<u>37,805</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Restatement, Note 17</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>\$ 37,805</u>	<u>\$ 37,805</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 37,805
No adjustments for revenue accruals				-
Adjustments to expenditures for capital outlay accruals				(46,213)
Net change in fund balance (GAAP Basis)				<u>\$ (8,408)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

City of Tucumcari
 State Appropriations Project Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	-	71,243	71,243	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>71,243</u>	<u>71,243</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	9,763	9,763	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,763</u>	<u>9,763</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>61,480</u>	<u>61,480</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(61,480)	(61,480)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(61,480)</u>	<u>(61,480)</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>	-	-	59,274	59,274
<i>Restatement, Note 17</i>	-	-	(59,274)	(59,274)
<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>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for grant accruals				(65,425)
Adjustments to expenditures for capital outlay accruals				6,151
Net change in fund balance (GAAP Basis)				<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 (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	2,500	2,500	2,500	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</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	70,893	70,893	70,893	-
<i>Total expenditures</i>	<u>171,393</u>	<u>171,393</u>	<u>171,393</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(168,893)</u>	<u>(168,893)</u>	<u>(168,893)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	168,893	168,893	168,893	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>168,893</u>	<u>168,893</u>	<u>168,893</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>	-	-	181,489	181,489
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>181,489</u>	<u>181,489</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,489</u>	<u>\$ 181,489</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

City of Tucumcari
 GRT Police Building Debt Service Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	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	1,000	1,000	86	(914)
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>86</u>	<u>(914)</u>
<i>Expenditures:</i>				
Current:				
General government	1,572	1,572	786	786
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	19,914	19,914	20,700	(786)
Interest	21,696	21,696	21,696	-
<i>Total expenditures</i>	<u>43,182</u>	<u>43,182</u>	<u>43,182</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,182)</u>	<u>(42,182)</u>	<u>(43,096)</u>	<u>(914)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(1,426)	(1,426)	-	1,426
Transfers in	43,608	43,608	43,608	-
Transfers out	-	-	(1,113)	(1,113)
<i>Total other financing sources (uses)</i>	<u>42,182</u>	<u>42,182</u>	<u>42,495</u>	<u>313</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(601)</u>	<u>(601)</u>
<i>Fund balance - beginning of year</i>	-	-	55,513	55,513
<i>Restatement, Note 17</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>55,513</u>	<u>55,513</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,912</u>	<u>\$ 54,912</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (601)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (601)</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, 2010

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 374,305	\$ 374,815	\$ 274,328	\$ (100,487)
<i>Total operating revenues</i>	<u>374,305</u>	<u>374,815</u>	<u>274,328</u>	<u>(100,487)</u>
<i>Operating expenses:</i>				
General and administrative	14,533	14,539	12,779	1,760
Personnel services	77,825	78,725	81,480	(2,755)
Contractual services	2,700	2,700	2,608	92
Supplies and purchased power	4,475	3,623	2,441	1,182
Maintenance and materials	317,816	317,694	196,790	120,904
Utilities	16,736	16,803	17,423	(620)
Miscellaneous	2,000	2,000	509	1,491
<i>Total operating expenses</i>	<u>436,085</u>	<u>436,084</u>	<u>314,030</u>	<u>122,054</u>
<i>Operating income (loss)</i>	<u>(61,780)</u>	<u>(61,269)</u>	<u>(39,702)</u>	<u>21,567</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	<u>22,000</u>	<u>17,603</u>	<u>30,692</u>	<u>13,089</u>
<i>Total non-operating revenues (expenses)</i>	<u>22,000</u>	<u>17,603</u>	<u>30,692</u>	<u>13,089</u>
Capital grants	0	3,787	3,787	-
Transfers in	49,030	49,030	102,459	53,429
Transfers out	-	-	(33,044)	-
<i>Capital grants and net transfers</i>	<u>49,030</u>	<u>52,817</u>	<u>73,202</u>	<u>53,429</u>
<i>Change in net assets</i>	9,250	9,151	64,192	88,085
Designated cash	(9,250)	(9,151)	-	9,151
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,011,999</u>	<u>3,011,999</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,076,191</u>	<u>\$ 3,109,235</u>
<i>Change in net assets, above</i>			\$ 64,192	
Depreciation and amortization			<u>(153,076)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (88,884)</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, 2010

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,033,289	\$ 2,022,874	\$ 1,880,689	\$ (142,185)
<i>Total operating revenues</i>	<u>2,033,289</u>	<u>2,022,874</u>	<u>1,880,689</u>	<u>(142,185)</u>
<i>Operating expenses:</i>				
General and administrative	311,894	312,756	294,021	18,735
Personnel services	1,059,439	1,075,285	1,028,437	46,848
Contractual services	5,587	5,402	7,709	(2,307)
Supplies and purchased power	74,550	73,094	48,346	24,748
Maintenance and materials	243,688	2,626,496	230,464	2,396,032
Utilities	423,953	419,359	204,106	215,253
Miscellaneous	79,805	99,084	1,850	97,234
<i>Total operating expenses</i>	<u>2,198,916</u>	<u>4,611,476</u>	<u>1,814,933</u>	<u>2,796,543</u>
<i>Operating income (loss)</i>	<u>(165,627)</u>	<u>(2,588,602)</u>	<u>65,756</u>	<u>2,654,358</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	20,750	39,170	17,190	(21,980)
Interest income	10,750	11,503	6,185	(5,318)
Interest expense	(117,834)	(117,834)	(149,019)	(31,185)
Gross receipts and other taxes	256,497	256,497	262,206	5,709
<i>Total non-operating revenues (expenses)</i>	<u>170,163</u>	<u>189,336</u>	<u>136,562</u>	<u>(52,774)</u>
Capital grants	500,000	6,221,841	1,383,216	(4,838,625)
Transfers in	286,699	286,699	652,791	366,092
Transfers out	(286,699)	(286,699)	(517,683)	(230,984)
<i>Capital grants and net transfers</i>	<u>500,000</u>	<u>6,221,841</u>	<u>1,518,324</u>	<u>(4,703,517)</u>
<i>Change in net assets</i>	504,536	3,822,575	1,720,642	(2,101,933)
Designated cash	(504,536)	(3,822,575)	-	3,822,575
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>12,337,742</u>	<u>12,337,742</u>
<i>Restatement, Note 17</i>	-	-	378,273	378,273
<i>Beginning net assets, as restated</i>	<u>-</u>	<u>-</u>	<u>12,716,015</u>	<u>12,716,015</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,436,657</u>	<u>\$ 14,436,657</u>
<i>Change in net assets, above</i>			\$ 1,720,642	
Depreciation and amortization			<u>(327,715)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 1,392,927</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, 2010

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 785,550	\$ 785,550	\$ 745,342	\$ (40,208)
<i>Total operating revenues</i>	<u>785,550</u>	<u>785,550</u>	<u>745,342</u>	<u>(40,208)</u>
<i>Operating expenses:</i>				
General and administrative	345,262	347,124	335,109	12,015
Personnel services	306,080	307,328	297,520	9,808
Contractual services	4,850	4,850	5,595	(745)
Supplies and purchased power	59,921	59,424	38,038	21,386
Maintenance and materials	91,102	89,481	72,549	16,932
Utilities	3,985	3,985	3,385	600
Miscellaneous	8,500	408,500	6,574	401,926
<i>Total operating expenses</i>	<u>819,700</u>	<u>1,220,692</u>	<u>758,770</u>	<u>461,922</u>
<i>Operating income (loss)</i>	<u>(34,150)</u>	<u>(435,142)</u>	<u>(13,428)</u>	<u>421,714</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	650	650	(6,939)	(7,589)
Interest income	6,000	6,992	4,108	(2,884)
Gross receipts and other taxes	64,441	64,441	64,539	98
<i>Total non-operating revenues (expenses)</i>	<u>71,091</u>	<u>72,083</u>	<u>61,708</u>	<u>(10,375)</u>
Capital grants	20,000	677,388	111,019	(566,369)
Transfers in	-	-	53,154	53,154
Transfers out	-	-	(44,789)	-
<i>Capital grants and net transfers</i>	<u>20,000</u>	<u>677,388</u>	<u>119,384</u>	<u>(513,215)</u>
<i>Change in net assets</i>	56,941	314,329	167,664	(101,876)
Designated cash	(56,941)	(314,329)	-	314,329
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>994,901</u>	<u>994,901</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,565</u>	<u>\$ 1,207,354</u>
<i>Change in net assets, above</i>			\$ 167,664	
Depreciation and amortization			(101,074)	
Landfill closure/postclosure care costs			(42,768)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 23,822</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, 2010

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 485,371	\$ 485,371	\$ 465,282	\$ (20,089)
<i>Total operating revenues</i>	<u>485,371</u>	<u>485,371</u>	<u>465,282</u>	<u>(20,089)</u>
<i>Operating expenses:</i>				
General and administrative	-	-	-	-
Personnel services	382,955	345,237	408,959	(63,722)
Contractual services	39,278	39,278	7,964	31,314
Supplies and purchased power	950	986	421	565
Maintenance and materials	18,555	18,801	14,550	4,251
Utilities	14,330	14,387	13,706	681
Miscellaneous	29,303	46,845	27,225	19,620
<i>Total operating expenses</i>	<u>485,371</u>	<u>465,534</u>	<u>472,825</u>	<u>(7,291)</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>19,837</u>	<u>(7,543)</u>	<u>(27,380)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	(19,837)	-	19,837
Interest income	-	-	-	-
Interest expense	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>(19,837)</u>	<u>-</u>	<u>19,837</u>
Capital grants	-	-	-	-
Transfers in	-	-	25,031	25,031
Transfers out	-	-	(499)	(499)
<i>Capital grants and net transfers</i>	<u>-</u>	<u>-</u>	<u>24,532</u>	<u>24,532</u>
<i>Change in net assets</i>	-	-	16,989	16,989
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(6,442)</u>	<u>(6,442)</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,547</u>	<u>\$ 10,547</u>
<i>Change in net assets, above</i>			\$ 16,989	
Depreciation and amortization			<u>(879)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 16,110</u>	

The accompanying notes are an integral part of these financial statements

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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, 2010

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ -	\$ -	\$ 177,112	\$ 177,112
Operating grants	-	-	1,096,612	1,096,612
<i>Total operating revenues</i>	-	-	1,273,724	1,273,724
<i>Operating expenses:</i>				
General and administrative	-	-	245,265	(245,265)
Personnel services	-	-	-	-
Contractual services	-	-	35,276	(35,276)
Supplies and purchased power	-	-	-	-
Maintenance and materials	-	-	146,729	(146,729)
Utilities	-	-	93,168	(93,168)
Housing assistance payments	-	-	427,185	(427,185)
<i>Total operating expenses</i>	-	-	947,623	(947,623)
<i>Operating income (loss)</i>	-	-	326,101	326,101
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	-	-	4,158	4,158
Interest income	-	-	1,805	1,805
Interest expense	-	-	(62,926)	(62,926)
Gross receipts and other taxes	-	-	-	-
Miscellaneous expense	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	(56,963)	(56,963)
Capital grants	-	-	333,856	333,856
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	-	-	333,856	333,856
<i>Change in net assets</i>	-	-	602,994	602,994
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	-	-	2,412,680	2,412,680
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 3,015,674	\$ 3,015,674
<i>Change in net assets, above</i>			\$ 602,994	
Depreciation and amortization			(104,231)	
<i>Change in net assets, Exhibit D-2</i>			\$ 498,763	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2010

Bank Account Type/Name	Deposits		
	Wells Fargo Bank	Citizens Bank	First National Bank
General Operating - Checking	\$ 599,531	\$ -	\$ -
1/8% Ed/Infrastructure Tax - Savings	78,188	-	-
John D. Hoffman Endowment Fund - Savings	1,006	-	-
Police Seizure Fund	21,904	-	-
Certificate of Deposit	165,562	-	-
Certificate of Deposit	501,977	-	-
Bank Two - Checking	-	967,176	-
San. Cap. Imp. Fund - Savings	-	194,925	-
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	-
Tucumcari Volunteer Fire Association	-	-	392
Logan Meal Site Donation - Checking	-	-	3,743
Princess Theatre Fund - Savings	-	-	4,544
Sanitation Department - Checking	-	-	55,586
Certificate of Deposit	-	-	152,009
Certificate of Deposit	-	-	152,081
Certificate of Deposit	-	-	100,534
Certificate of Deposit	-	-	1,058
Certificate of Deposit	-	-	101,339
Pool DSR	-	-	-
PD DSR	-	-	-
Debt Service	-	-	-
PD Debt Service	-	-	-
4th & 5th St Debt Service	-	-	-
2009 D PPRF - Tucumcari Fire Pumper	-	-	-
WPF/WTB Tucumcari City	-	-	-
Certificate of Deposit	-	-	-
Police Narcotics Fund	-	-	-
Certificate of Deposit	-	-	-
Housing Authority	789,404	-	8,259
Total on deposit	2,157,572	2,497,539	579,545
Reconciling items	(415,530)	(19,008)	(7,353)
Reconciled balance	\$ 1,742,042	\$ 2,478,531	\$ 572,192

Less: Certificates of deposit classified as investments per Exhibit A-1

Total reconciled balances of cash and cash equivalents

*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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,531
-	-	-	-	-	78,188
-	-	-	-	-	1,006
-	-	-	-	-	21,904
-	-	-	-	-	165,562
-	-	-	-	-	501,977
-	-	-	-	-	967,176
-	-	-	-	-	194,925
-	-	-	-	-	150,000
-	-	-	-	-	350,000
-	-	-	-	-	175,438
-	-	-	-	-	600,000
-	-	-	-	-	60,000
-	-	-	-	-	392
-	-	-	-	-	3,743
-	-	-	-	-	4,544
-	-	-	-	-	55,586
-	-	-	-	-	152,009
-	-	-	-	-	152,081
-	-	-	-	-	100,534
-	-	-	-	-	1,058
-	-	-	-	-	101,339
-	-	-	14,495	-	14,495
-	-	-	35,807	-	35,807
-	-	-	5,225	-	5,225
-	-	-	19,108	-	19,108
-	-	-	8,690	-	8,690
-	-	-	-	250,134	250,134
-	-	-	-	1,750,000	1,750,000
61,734	-	-	-	-	61,734
-	14,294	-	-	-	14,294
-	50,000	-	-	-	50,000
-	-	99,944	-	-	99,944
61,734	64,294	99,944	83,325	2,000,134	7,544,087
-	-	-	-	-	(441,891)
\$ 61,734	\$ 64,294	\$ 99,944	\$ 83,325	\$ 2,000,134	7,102,196
					(22,742)
					\$ 7,079,454
					\$ 3,435
					4,032,516
					3,050,373
					\$ 7,079,454

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2010

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2010	Name and Location of Safekeeper
Citizen's Bank					
	FNMA Note	9/12/2014	3133XUMR1	\$1,600,000	Amarillo National Bank, Amarillo, Texas
	FNMA Note	6/7/2022	31398ACS9	<u>900,000</u>	Amarillo National Bank, Amarillo, Texas
	Total Citizen's Bank			<u>900,000</u>	
First National Bank of New Mexico					
	Dulce NM Indpt Sch Dist No. 21	3/1/2018	2644430HJ1	50,000	* Vining Sparks, Dallas, Texas
	FHLMC Fixed Rate	1/30/2014	3128X2TM7	170,433	Vining Sparks, Dallas, Texas
	FHLMC Fixed Rate	9/10/2014	3128X9C65	<u>152,728</u>	Vining Sparks, Dallas, Texas
	Total First National Bank of New Mexico			<u>373,161</u>	
Wells Fargo Bank					
	FGH00895	6/1/2037	3128MS7G9	462,021	Wells Fargo Bank, San Francisco, California
	Fed Nat'l Mtg. Assn. Pool #257004	12/1/2037	31371NNV3	338,168	Wells Fargo Bank, San Francisco, California
	Fed Nat'l Mtg. Assn. Pool #880203	2/1/2036	31409V3L5	161,016	Wells Fargo Bank, San Francisco, California
	Fed Nat'l Mtg. Assn. Pool #888021	12/1/2036	31410FSJ5	49,056	Wells Fargo Bank, San Francisco, California
	Fed Nat'l Mtg. Assn. Pool #895631	5/1/2036	31410SA80	471,142	Wells Fargo Bank, San Francisco, California
	Fed Nat'l Mtg. Assn. Pool #960463	12/1/2037	31414AQQ8	<u>121,689</u>	Wells Fargo Bank, San Francisco, California
	Total Wells Fargo Bank			<u>1,603,092</u>	
	Total Pledged Collateral			<u><u>\$2,876,253</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, 2010

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 911 Regional Emergency Communications Center
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 managment, engineer, design, inspection and construction of Coop Project SP-4-08(926)
City of Logan, Village of San Jon, City of Tucumcari, and Quay County	All agencies	Establish the Quay County Gaming Authority in order to pursue the acquisition of a licence and ownership of a race track and casino to spur economic development in Quay County
City of Tucumcari and Quay County	Both	Jointly puchase, operate, and maintain Dura-Patcher road equipment

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 & Exp</u>
2/3/2006	Indefinite	Unknown	\$ -	None	None	Each individual law enforcement agency
9/15/2009	Indefinite	Unknown	\$ -	None	City	Dispatch Center
7/1/2007	6/30/2011	\$ 54,000	\$ 50,404	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
4/17/2007	Indefinite	Unknown	\$ -	None		Each individual governmental agency
12/1/2005	Indefinite	Unknown	\$ -	None	None	Both

STATE OF NEW MEXICO

City of Tucumcari

Financial Data Schedule

June 30, 2010

Line Item Number	Description	Low Rent Public Housing Program	Capital Funds Program
111	Cash - Unrestricted	\$ 291,658	\$ -
112	Cash - Restricted - Modernization and Development	-	-
113	Cash - Other Restricted	-	-
114	Cash - Tenant Security Deposits	7,935	-
100	Total Cash	<u>299,593</u>	<u>-</u>
122	Accounts Receivable - HUD Other Projects	-	-
122-020	Accounts Receivable - HUD Other Projects - Capital fund	-	80,235
125	Accounts Receivable - Miscellaneous	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-
128	Fraud Recovery	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>-</u>	<u>80,235</u>
131	Investments - unrestricted	22,742	-
130	Total Investments	<u>22,742</u>	<u>-</u>
142	Prepaid Expenses and Other Assets	25,482	-
144	Interprogram Due From	-	-
150	Total Current Assets	<u>347,817</u>	<u>80,235</u>
161	Land	68,890	-
162	Buildings	1,883,181	-
163	Furniture, Equipment & Machinery - Dwellings	286,676	-
164	Furniture, Equipment & Machinery - Administration	124,230	-
165	Leasehold Improvements	1,120,209	-
166	Accumulated Depreciation	(1,853,920)	-
167	Construction in progress	-	277,071
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>1,629,266</u>	<u>277,071</u>
180	Total Non Current Assets	<u>1,629,266</u>	<u>277,071</u>
190	Total Assets	<u>\$ 1,977,083</u>	<u>\$ 357,306</u>

See independent auditors' report

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
\$ 171,902	\$ 118,051	\$ 581,611
-	95,801	95,801
174,295	-	174,295
-	4,143	12,078
<u>346,197</u>	<u>217,995</u>	<u>863,785</u>
2,841	-	2,841
-	-	80,235
2,866	-	2,866
-	3,275	3,275
7,569	-	7,569
<u>(7,569)</u>	<u>-</u>	<u>(7,569)</u>
5,707	3,275	89,217
-	-	22,742
-	-	22,742
-	-	25,482
21,429	-	21,429
<u>373,333</u>	<u>221,270</u>	<u>1,022,655</u>
-	27,120	96,010
-	691,919	2,575,100
-	54,344	341,020
-	-	124,230
-	248,493	1,368,702
-	(243,486)	(2,097,406)
-	-	277,071
-	<u>778,390</u>	<u>2,684,727</u>
-	<u>778,390</u>	<u>2,684,727</u>
<u>\$ 373,333</u>	<u>\$ 999,660</u>	<u>\$ 3,707,382</u>

STATE OF NEW MEXICO

City of Tucumcari

Financial Data Schedule

June 30, 2010

Line Item Number	Description	Low Rent Public Housing Program	Capital Funds Program
312	Accounts Payable <= 90 Days	\$ 9,972	\$ 80,235
321	Accrued Wage/Payroll Taxes Payable	14,755	-
322	Accrued Compensated Absences - Current Portion	3,989	-
331	Accounts payable - HUD PHA programs	-	-
341	Tenant Security Deposits	7,472	-
342	Deferred Revenues	-	-
343	Current portion of long-term debt - Capital Projects	-	-
345	Other Current Liabilities	-	-
347	Interprogram Due To	21,429	-
310	Total Current Liabilities	<u>57,617</u>	<u>80,235</u>
351	Long-term debt - Mortgages	-	-
350	Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
300	Total Liabilities	<u>57,617</u>	<u>80,235</u>
508.1	Invested in Capital Assets, Net of Related Debt	1,629,266	277,071
511	Restricted Net Assets	463	-
512.1	Unrestricted	289,737	-
513	Total Equity/Net Assets	<u>1,919,466</u>	<u>277,071</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 1,977,083</u>	<u>\$ 357,306</u>

See independent auditors' report

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
\$ -	\$ 1,565	\$ 91,772
-	-	14,755
-	-	3,989
2,866	-	2,866
-	3,848	11,320
-	23	23
-	9,549	9,549
-	1,226	1,226
-	-	21,429
2,866	16,211	156,929
-	704,801	704,801
-	704,801	704,801
2,866	721,012	861,730
-	64,040	1,970,377
174,295	96,096	270,854
196,172	118,512	604,421
370,467	278,648	2,845,652
\$ 373,333	\$ 999,660	\$ 3,707,382

STATE OF NEW MEXICO

City of Tucumcari

Financial Data Schedule

June 30, 2010

Line Item Number	Description	Low Rent Public Housing Program	Capital Funds Program
70300	Net Tenant Rental Revenue	\$ 139,055	\$ -
70400	Tenant Revenue - Other	12,203	-
70500	Total Tenant Revenue	<u>151,258</u>	<u>-</u>
70600	HUD PHA Operating Grants	379,392	-
70610	Capital Grants	-	333,856
70800	Other Governmental Grants	-	-
71100	Investment Income - Unrestricted	113	-
71500	Other Revenue	-	-
72000	Investment Income - Restricted	-	-
7000	Total Revenue	<u>530,763</u>	<u>333,856</u>
91100	Administrative Salaries	60,132	-
91200	Auditing Fees	5,878	-
91300	Outside Management Fees	-	-
91400	Advertising and marketing	274	-
91500	Employee Benefit Contributions - Administrative	19,239	-
91600	Office Expenses	19,678	-
91900	Other Operating - Administrative	16,884	56,785
91000	Total Operating - Administrative	<u>122,085</u>	<u>56,785</u>
93100	Water	45,907	-
93200	Electricity	4,030	-
93300	Gas	39,948	-
93800	Other Utilities	-	-
93000	Total Utilities	<u>89,885</u>	<u>-</u>
94100	Ordinary Maintenance & Operation - Labor	50,531	-
94200	Ordinary Maintenance & Operation - Materials & Other	28,853	-
94300	Ordinary Maintenance & Operation Contracts	13,739	-
94500	Employee Benefit Contributions - Ordinary Maintenance	14,499	-
94000	Total Maintenance	<u>107,622</u>	<u>-</u>
96110	Property Insurance	9,557	-
96130	Workmen's Compensation	1,365	-
96100	Total Insurance Premiums	<u>10,922</u>	<u>-</u>
96200	Other General Expenses	117	-
96400	Bad Debt - Tenant Rents	5,320	-
96700	Interest expense	-	-
96000	Total Other General	<u>5,437</u>	<u>-</u>
96900	Total Operating Expenses	<u>335,951</u>	<u>56,785</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>194,812</u>	<u>277,071</u>
97100	Extraordinary Maintenance	-	-
97300	Housing Assistance Payments	-	-
97400	Depreciation Expense	76,155	-
97500	Fraud Losses	-	-
90000	Total Expenses	<u>\$ 412,106</u>	<u>\$ 56,785</u>

See independent auditors' report

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
\$ -	\$ 24,513	\$ 163,568
-	1,341	13,544
-	25,854	177,112
575,528	93,132	1,048,052
-	-	333,856
-	48,560	48,560
87	944	1,144
4,158	-	4,158
-	661	661
579,773	169,151	1,613,543
27,137	7,909	95,178
8,817	-	14,695
-	10,720	10,720
-	-	274
8,549	4,211	31,999
1,100	274	21,052
9,400	1,423	84,492
55,003	24,537	258,410
-	1,054	46,961
-	668	4,698
-	-	39,948
-	1,062	1,062
-	2,784	92,669
-	10,694	61,225
-	11,219	40,072
-	4,706	18,445
-	-	14,499
-	26,619	134,241
800	769	11,126
-	616	1,981
800	1,385	13,107
-	-	117
3,785	302	9,407
-	62,926	62,926
3,785	63,228	72,450
59,588	118,553	570,877
520,185	50,598	1,042,666
-	12,487	12,487
417,342	-	417,342
9,843	28,076	114,074
-	-	-
\$ 486,773	\$ 159,116	\$ 1,114,780

STATE OF NEW MEXICO

City of Tucumcari

Financial Data Schedule

June 30, 2010

Line Item Number	Description	Low Rent Public Housing Program	Capital Funds Program
10010	Operating Transfers In	\$ -	\$ -
10020	Operating Transfers Out	-	-
10100	Total Other Financing Sources (Uses)	-	-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	118,657	277,071
11030	Beginning Equity	1,800,809	-
11170-001	Administrative Fee Equity - Beginning Balance	-	-
11170-0101	Administrative Fee Revenue	-	-
11170-050	Other Revenue	-	-
11170-060	Total Admin Fee Revenues	-	-
11170-080	Total Operating Expenses	-	-
11170-002	Net Administrative Fee	-	-
11170-003	Administrative Fee - Ending Equity	-	-
11170	Administrative Fee Equity	-	-
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-
11180-010	Housing Assistance Payments Revenue	-	-
11180-030	Total HAP Revenues	-	-
11180-080	Housing Assistance Payments	-	-
11180-100	Total Housing Assistance Payments	-	-
11180-002	Net Housing Assistance Payments	-	-
11180-003	Housing Assistance Payments Equity - Ending Balance	-	-
11180	Housing Assistance Payments Equity	-	-
	Ending Equity (deficit)	<u>\$ 1,919,466</u>	<u>\$ 277,071</u>

See independent auditors' report

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	Total
\$ -	\$ -	\$ -
-	-	-
-	-	-
93,000	10,035	498,763
<u>277,467</u>	<u>268,613</u>	<u>2,346,889</u>
181,455	-	181,455
70,060	-	70,060
4,245	-	4,245
74,305	-	74,305
59,588	-	59,588
14,717	-	14,717
196,172	-	196,172
196,172	-	196,172
96,012	-	96,012
505,468	-	505,468
505,468	-	505,468
427,185	-	427,185
427,185	-	427,185
78,283	-	78,283
174,295	-	174,295
<u>174,295</u>	<u>-</u>	<u>174,295</u>
<u>\$ 370,467</u>	<u>\$ 278,648</u>	<u>\$ 2,845,652</u>

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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 the aggregate remaining fund information of the City of Tucumcari, New Mexico, (City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 4, 2011. 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, 2010 as listed in the table of contents. 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 06-04, FS 06-05, FS 10-01, FS 10-03, FS 10-05, and 2008-08 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 06-03, FS 09-01, FS 10-04, FS 10-06, 2009-01, FS 2010-01, and FS 2010-04 to be significant deficiencies.

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 08-03, FS 10-02, FS 10-07, FS 10-08, 2009-02, FS 2010-02, and FS 2010-03.

We also noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* January 2007 Revision paragraphs 5.14 and 5.16, and pursuant to section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as finding 2008-07.

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
May 4, 2011

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

**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 (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. 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'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 the City's compliance with those requirements.

In our opinion, the City of Tucumcari complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures disclosed an instance of noncompliance with these requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 10-09.

Internal Control Over Compliance

The management of the 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 the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not indentify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2007-11. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
May 4, 2011

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
Federal Grantor/Pass Through Grantor/Program or Cluster Title			
U.S. Department of Health and Human Services			
Senior Citizens 08-09 Title IIIB	93.044	2008-07-68040	\$ 8,378
Senior Citizens 08-09 Title IIIC1	93.045	2008-07-68040	37,174
Senior Citizens 08-09 Title IIIC2	93.045	2008-07-68040	15,888
Senior Citizens 08-09 NSIP	93.053	2008-07-68040	<u>76,147</u>
Total U.S. Department of Health and Human Services			<u>137,587</u>
U.S. Department of Justice			
JAG Grant	16.738		<u>26,626</u>
Total U.S. Department of Justice			<u>26,626</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant - ARRA Funding (Passed through State of New Mexico Department of Finance Administration) Planning Grant	14.225	09-C-NR-I-01-G-05	499,999 *
			<u>3,500</u>
Total Community Development Block Grant			<u>503,499</u>
Direct Programs:			
Public Housing - Low Rent	14.850	NM 03300000108D NM 02P03350106 NM 02P03350107	379,392 *
Capital Funds Program	14.872	NM 02P03350108	(7) 181,363 *
Capital Funds Program - ARRA	14.885	NM 02PP03350109	(7) 152,492 *
Section 8 Housing Choice Vouchers	14.871	NM 033V00050	<u>486,773 *</u>
Total Direct			<u>1,200,020</u>
Total U.S. Department of Housing and Urban Development			<u>1,703,519</u>
U.S. Department of Agriculture:			
Direct programs:			
Rural Utilities Systems Grant/Loan	10.760		1,813,184 *
Rural Rental Assistance Payments	10.415, 10.515	NM 990419271	93,132
Rural Rental Assistance Interest Subsidy	10.415, 10.515	NM 990419271	<u>48,560</u>
Total U.S. Department of Agriculture			<u>1,954,876</u>

See accompanying independent auditors' report

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>			
U.S. Department of Homeland Security:			
Homeland Security Grant Program	97.067	2003-MU-T3-0047 Quay CIP	24,911
Total U.S. Department of Homeland Security			24,911
Total Expenditures of Federal Awards			<u>\$ 3,847,519</u>

() Denotes cluster

* 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 (the 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 City and 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

The City owed \$2,677,894 to USDA at June 30, 2010.

The Authority owed \$714,350 to FmHA at June 30, 2010.

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2010

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.760	Rural Utilities Systems Grant
14.255	Community Development Block Grants – State’s Program (Recovery Act Funded)
14.850	Public Housing – Low Rent
14.871	Section 8 Housing Choice Vouchers Program
14.872/14.885	Capital Funds Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2010

Section II – Prior Year Audit Findings

Prior Year Audit Findings – Primary Government

FS 06-03: Preparation of Financial Statements	Repeated
FS 06-04: Deficiencies in Internal Control Structure Design, Operation, and Oversight	Modified and Repeated
FS 06-05: Capital Assets	Modified and Repeated
FS 06-07: Failure to Develop IT Contingency Plan(s)	Resolved
FS 06-08: Failure to Have Adequate Physical Controls in Place for IT Equipment	Resolved
FS 08-03: Over Expenditure of Budgets	Modified and Repeated
FS 08-04: Segregation of Duties within Payroll Processes	Resolved
FS 08-05: Incomplete Payroll Change Notices and Incorrect Data Entry from these Notices	Resolved
FS 08-06: Failure to Reconcile Account Balances	Resolved
FS 09-01: Failure to Obtain Proper Authorization for Expenditures	Modified and Repeated
FS 09-02: Internal Control over Cash Disbursements	Resolved
FS 09-03: Grant Compliance and Monitoring	Resolved
FS 09-04: Lodgers' Tax	Resolved
FS 09-05: Noncompliance with Debt Agreements	Resolved

Prior Year Audit Findings – Component Unit

2008-07: Security Deposits Not Matching the Restricted Cash Account	Modified and Repeated
2008-08: Deficiencies in Internal Control Structure Design, Operation, and Oversight	Modified and Repeated
2009-01: Preparation of Financial Statements	Modified and Repeated
2009-02: Low Rent Public Housing Program Budget Over-Expended	Modified and Repeated
2007-11: Lack of Adequate Internal Controls over Compliance	Modified and Repeated
FA 2009-01: Incorrect Calculation of Tenants Income	Resolved
FA 2009-02: Failure to Obtain Adequate Immigration Status Verification	Resolved

Section III – Financial Statement Findings

A. Financial Statement Findings – Primary Government

FS 06-03 Preparation of Financial Statements (Significant)

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. 115, 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 procedures manual was prepared by April 1, 2010 which has helped the city detect or prevent possible misstatements in its financial statements. The City finance staff has attended numerous training courses and seminars in order to train staff and additional cross-training is now mandatory.

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

Actions by Management:

- 1). A new Finance Director was hired on July 1, 2010.
- 2). The Finance Director and staff have attended the following training:
 - a) Director - Intermediate Governmental Accounting GFOA (20 CPEs) Jan 2011. GASB 34 Model
 - b) Director – DFA Budget Workshop, Dec 2010
 - c) Director – NMML Conference Class Sessions
 - d) Staff – CDBG Conference, May 2010
 - e) Staff – Financial Software Training (Triadic)
- 3). The City has developed a cross-training program.
- 4). Written Procedure Manual's have been developed.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 06-03 Preparation of Financial Statements (Significant) (continued)

Additional Response:

While we will continue to utilize assistance in the development of the Financial Statements, and Consolidated Government Wide Statements from our Independent Auditor, the Director will participate in development of the footnotes disclosure, MD&A, and State Auditor required supplementary information. A Financial Statement policy and procedure manual will be developed to document accruals and adjustments required to be made when converting from the cash to accrual requirements to prevent or detect possible misstatements.

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

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.

- 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.
- Journal entries were not reviewed prior to posting. Out of 50 journal entries selected for testwork, documentation was missing or inadequate for 17 entries.
- During testwork, City staff were unable to locate three checks requested by the auditors.
- During testwork, City staff were unable to locate supporting documentation for one bank deposit requested by the auditors.
- Accounts receivable registers and the accounts receivable aging trial balance are not reviewed for accuracy. Errors in meter readings during the year were not corrected in a timely manner.
- The City's purchasing manual does not contain conflict of interest provisions and guidelines. Purchasing staff are not required to sign conflict of interest statements.
- We noted that the implementation of activity level controls is not being adequately monitored to ensure that controls are functioning as intended.
- We noted that there is no formal risk assessment or fraud risk assessment performed.
- We noted that the governing body's oversight of the City's control environment and internal controls is lacking.

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: During the fiscal year 2010, new internal control policies were developed, but not fully implemented. These policies did not address the areas noted above.

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. Risk assessments and fraud risk assessments should be performed and documented on a regular basis.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 06-04 Deficiencies in Internal Control Structure Design, Operation, and Oversight (Material) (continued)

Agency's Response: The City has implemented internal controls. We will continue to ensure that a comprehensive internal control structure is documented, implemented and monitored. A COSO structure has been developed to utilize the components of Internal Control and to establish Entity level and Activity level key controls. A checklist is being designed to document Managements awareness of the key controls and their functioning, so as to ensure adequate Management Monitoring. Management will strive to utilize these key controls to ensure the Governing body is aware of high risk assessed items

Actions taken by Management:

- 1) A COSO Internal Control Structure has been documented to provide component elements of Internal Control and to highlight and direct Key Controls for Senior Management.
- 2) An Internal Control Checklist has been developed to track and highlight Key Activity Level Controls. This will serve to ensure management monitoring of activity level controls and transactions.
- 3) Documented comprehensive internal controls will be established to establish control over activity level functions. Key Controls will be established and policies and procedures will be established to provide guidance for those Key Controls.
- 4) Document control has been initiated to ensure checks, voucher packages, and journals have adequate supporting documentation. Checks and Voucher packages are being reviewed individually by the Director as a Key Control. This will ensure Disbursements are adequately approved and documented.
- 5) Bank Reconciliations are being reviewed by the Director after being performed by different individuals.
- 6) Monthly statements are being reviewed by senior management to detect misstatements.

FS 06-05 — Capital Assets (Material)

Condition: Capital assets were not tracked or depreciated in the general ledger software during the year. The City had significant difficulty in producing reliable fixed asset reports due to the lack of timely tracking and review of capital asset accounts and transactions. One construction project was recorded in two different funds, complicating the reconciliation of capital outlay accounts.

Criteria: NMAC Section 2.20.1.8, paragraph C, provides that the City's fixed assets system must be capable of generating lists of fixed assets in sequences useful for managing them. The system must track all transactions including acquisitions, depreciation (when applicable), betterments and dispositions. It must generate all necessary accounting entries to the agency's general ledger.

Effect: The City is unable to obtain the information necessary to accurately and efficiently record and reconcile capital asset acquisitions. The City is also exposed to additional risk that errors, whether intentional or unintentional, could occur and not be detected.

Cause: The inadequacy is a result of using a system that is not properly integrated with the general ledger and not utilizing the system to track capital assets throughout the year.

Auditors' Recommendation: We recommend that the City:

1. Obtain a new system or improve the existing system so that can be integrated with the general ledger software in order to accurately track capital asset accounts throughout the year;
2. Track asset additions and betterments from the date they are placed in service;
3. Contemporaneously record all capital asset and construction-in-progress amounts in the appropriate funds and accounts.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2010

Schedule VI
Page 6 of 21

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 06-05 — Capital Assets (Material) (continued)

Agency's Response: to be fully compliant with GASB 34.

Actions taken by Management:

- 1) Efforts are being made to integrate Fixed Assets with the General Ledger software.
- 2) The Finance Director is receiving copies of all purchase orders to ensure they are being entered into the system. Vehicle purchases are being entered by the Warehouse Manager who is in charge of licensing and registration.

FS 08-03 — Over Expenditure of Budgets (Compliance)

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

Special Revenue Funds:

Lodger's Tax Promotion	\$ 24,198
EMS Fund	148,506
Corrections	754
Police Narcotics	<u>34,286</u>
Total	<u><u>\$ 207,744</u></u>

Proprietary Funds:

Internal Service Fund	\$ 7,293
Housing	<u>947,623</u>
Total	<u><u>\$ 954,916</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. Budgets for the Housing Authority were not submitted to the New Mexico Department of Finance and Administration.

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.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 08-03 — Over Expenditure of Budgets (Compliance) (continued)

Agency's Response: The City has established policies and procedures to ensure all expenditures are budgeted for and not over-expended. The budget process is being developed by a team to ensure that all items are budgeted. A new Finance Director was hired on July 1, 2010 and along with the City Manager, the budget is being carefully monitored.

Actions taken by Management:

- 1) Budgeted expenditures are monitored monthly to ensure Department Heads are being responsible and accountable for their Fund balance and budget spending.
- 2) Key Controls on tier levels of spending are incorporated into the PO system to ensure those larger purchases are budgeted prior to the purchase orders being placed. Budget Amendments are required prior to implementation of the PO.

The Housing Fund, which was not incorporated into the City's approved Budget, has now been incorporated into the City's budget, approved by DFA, and is being monitored.

FS 09-01 – Failure to Obtain Proper Authorization for Expenditures (Significant)

Condition: We noted that in 1 instance out of 5 selected for testwork, totaling \$10,116.54, no purchase requisition or purchase order was available, and management's review of the reoccurring disbursement was not documented. The disbursement was in the amount of \$9,270.87.

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: The City has enacted procedures that will eliminate all disbursements prior to those being properly authorized.

Actions taken by Management:

- 1) A new policy and procedure is being written that will require Department Heads to authorize and sign for all routine and recurring approved budgeted expenditures (lower risk items) reflected in their budget.
- 2) Financial Statements will be reviewed and monitored monthly to ensure expenditures have been maintained in an authorized manner and Fund balances are maintained properly.
- 3) A monthly listing of recurring, budgeted type, expenditures over line item budgets amounts will be prepared by the Director of Finance for corrective action.
- 4) Tiered dollar amounts (greater than \$500) will be controlled by the use of Purchase Orders, which will not be authorized if the budget is not adequate. A BAR, Budget Authorization Request, will be submitted to the City Manager and/or Commission as required by the policy.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-01 — Segregation of Duties within Cash Disbursement Processes (Material)

Condition: During our cash disbursement internal control inquiries, we noted that the one individual is able to generate purchase orders, print checks, make changes to the chart of accounts and the vendor master file, and mail checks. In addition, signatures for checks are automatically printed by the system and the physical checks are not reviewed prior to mailing.

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 incompatible duties described above create an opportunity for theft.

Cause: The City's system is not set up to restrict access to incompatible tasks and uses printed signatures on checks.

Auditors' Recommendations: The City should redesign its internal controls over cash disbursement to eliminate the use of printed signatures and require dual manual signatures on all checks. The individual responsible for generating and printing checks should not be able to generate purchase orders, edit the vendor master file and chart of accounts, or mail checks. All checks should be reviewed prior to mailing.

Agency's Response: Internal Controls have been established to ensure segregation of duties is sufficient to reduce the risk of Fraud and theft.

Actions taken by Management:

- 1) All Checks and Voucher packages are reviewed by the Director of Finance prior to mailing. Both are initialed by the Director. A check number register is being maintained to account for check stock.
- 2) The Purchase Orders are being entered by the Deputy Finance Director, checks are being cut by the A/P Clerk, and checks are being mailed by the Cashier's.
- 3) An additional review is completed by the Commissioners. The commissioners review and sign the check register.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-02 — Stale Dated Checks (Compliance)

Condition: The City's outstanding check listings included checks outstanding in the amount of \$3,840.26 for more than one year at June 30, 2010.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation requires local public bodies to cancel or void any check that is unpaid for one year after it is written.

Effect: The City is in violation of New Mexico Statute, Section 6-10-57, NMSA, 1978. Also, the City's cash balances are not accurately reflected as a result of stale-dated checks appearing on the outstanding check listings.

Cause: Checks written for \$8.40, \$8.40, \$88.00, \$10.00, \$50.00, \$12.00, \$6.00, \$175.00, \$6.00, \$2.40, \$150.00, \$8.86, \$223.28, \$492.70, \$200.00, \$107.08, \$80.00, \$647.22, \$2.40, \$345.00, \$54.00, \$93.39, \$2.95, \$52.70, \$375.00, \$54.48, \$2.40, \$3.58, \$100.00, \$65.88, \$112.64, \$22.18, \$2.37, \$28.14 and \$247.81 were not appropriately voided after being outstanding for more than one year.

Auditors' Recommendations: We recommend that the City implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided.

Agency's Response: The City will implement procedures to review all outstanding checks and track stale-dated checks. All stale-dated checks over one year old will be voided.

Actions taken by Management:

- 1) The monthly Outstanding Check register will be reviewed with the Bank Reconciliation Process to ensure Stale checks are removed.

FS 10-03 — Voided Checks (Material)

Condition: Voided checks are not being properly defaced and accounted for. Out of 60 voided checks tested, totaling \$929,627.28, we noted that 35 checks, totaling \$870,776.77, were not defaced when voided. In addition, we noted 3 checks totaling \$24,875.14 where only a copy of the check was retained in the City's file, and 4 checks, totaling \$2,636.45, were not found by City personnel.

Criteria: Sound internal controls and good business practices require that the City safeguard its assets.

Effect: Voided checks that are not defaced and retained by the City could be fraudulently submitted to the bank for payment.

Cause: There are no official written policies calling for the defacing and retention of voided checks. Voided checks are placed in a file folder when voided in the system.

Auditors' Recommendations: We recommend that the City implement a procedure to deface and retain all voided checks. We recommend that the City require individuals or businesses requesting replacement checks for lost/stolen checks be required to sign an affidavit affirming the loss.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-03 — Voided Checks (Material) (continued)

Agency's Response: The City has implemented a procedure to deface and retain all voided checks. An affidavit will be required for all lost/stolen checks for replacement checks.

Actions taken by Management:

- 1) Voided checks will be defaced by writing VOID across the Signature.
- 2) Request for VOID and Reissue of lost or missing checks will require an affidavit prior to replacement

FS 10-04 — Daily Cash Drawer Reconciliations (Significant)

Condition: During testwork, we noted that, while the cash drawers are reconciled to cash receipt information daily, discrepancies are not investigated in a timely fashion. Total cash, checks, and credit card receipts exceeded the amount recorded in the point-of-sale system for utility receipts by \$46.61. Such discrepancies are not recorded in the general ledger as miscellaneous revenue and not investigated.

Criteria: Sound internal controls and good business practices require that the City safeguard its assets and record revenues accurately.

Effect: Receipts may be inaccurately recorded or classified.

Cause: The City's procedures do not require that such discrepancies be investigated. In addition, several individuals are able to receive payment from customers.

Auditors' Recommendations: We recommend that the City require that all discrepancies be resolved at the end of each business day and that accountability for and access to each cash drawer be restricted to one individual at a time.

Agency's Response: The City now requires that all discrepancies be resolved on a daily basis. Access to cash drawers are now restricted.

Actions taken by Management:

- 1) The cash over and shorts are posted on the day that there is a discrepancy.
- 2) The cashiers are responsible for investigation of the difference. Often the difference is found and recorded the following day. The associate processing the deposit ensures all efforts have been made to identify the discrepancy.
- 3) Each cashier has access to their own drawer. The cashiers have a key and the drawer is locked in the evening or when they leave their desk.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-05 — Trial Balance Discrepancies (Material)

Condition: The trial balance provided to the auditors did not balance in total by \$8,911. Individual fund balance accounts had not been established for each fund and funds did not balance.

Criteria: Sound internal controls and good business practices require that the City maintain a trial balance that properly accounts for all activity and that fund accounts be properly segregated.

Effect: Material adjustments to accounts for prior year assets and liabilities not appropriately removed from the books and to allocate fund balances were required.

Cause: The financial period close has not been performed for several years. In prior years, receivables and payables were entered into the system without offsetting revenues or expenditures in one-sided entries, causing the trial balance to not balance.

Auditors' Recommendations: We recommend that the City work with its accounting system technical support in order to perform the financial period close appropriately and remove the ability to perform one-sided entries to record assets and liabilities from the system.

Agency's Response: The Trial Balance has not been maintained. A new Finance Director has started on July 1st 2010. With the Auditor's assistance a beginning position will be established and the Trial Balance will be maintained in the future. Out of balance conditions and one sided transactions will be restricted and perhaps designated only to the Software provider.

Actions taken by Management:

- 1) Once reconciled and balanced, the starting position will be maintained monthly and monitored. Out of balance conditions will not be allowed.
- 2) Individual funds will be properly segregated, and reconciled monthly to ensure cash postings and transactions are being properly maintained.
- 3) We will work with our software provider to ensure the financial periods are closed appropriately and remove from the system the ability to perform one-sided entries to record assets and liabilities.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-06 — Cash Reconciliations (Significant)

Condition: During testwork, we noted that the City was several months behind on bank reconciliations. In addition, we noted that reconciled cash balances were \$21,496 greater than the general ledger cash balances.

Criteria: Accurate, timely bank reconciliations provide an important control over cash. Good internal controls and sound business policies require that the City safeguard its cash through a strong internal control system.

Effect: Internal controls over cash were weak. The City's cash balances were incorrect.

Cause: Official policies for performing timely, accurate bank reconciliations did not exist under the previous administration of the City. Differences in cash had not been resolved in a timely manner.

Auditors' Recommendations: We recommend that the City establish and implement policies requiring that bank reconciliations be performed timely and that all discrepancies be investigated.

Agency's Response: Policies requiring that bank reconciliations be performed timely and that all discrepancies be investigated will be implemented.

Actions taken by Management:

- 1) Bank reconciliation and balancing policy will be established.
- 2) With the auditor's assistance, beginning Fund positions will be established and then maintained monthly. Within the Trial Balance, individual funds will be properly segregated and reconciled monthly to the Bank Statements to ensure cash postings and transactions are being properly maintained.
- 3) Bank Reconciliations of monthly activity and Fund balancing will be implemented and monitored

FS 10-07 — Audit Report Submission to the New Mexico State Auditor

Condition: The required submission date of the audit report for the fiscal year ended June 30, 2010, to the New Mexico State Auditor was December 1, 2010.

Criteria: Section 2.2.2.9 A of the State Audit Rule set the due date for audit reports for municipalities as December 1st.

Effect: Noncompliance with section 2.2.2.9 A of the State Audit Rule. Late audit reports and financial statements could also impact funding from federal and state sources.

Cause: Changes in management and financial staff near the end of the fiscal year resulted in late provision of audit information to the auditors.

Auditors' Recommendations: We recommend that information and reports be prepared and provided to the auditors in advance of the due date of the report.

Agency's Response: The City has a new Finance Director and we will work closely with our auditor's to ensure that all requested information be given to the auditors in advance of the due date of the report.

Actions taken by Management:

- 1) Request for Proposals have been requested and will be evaluated on April 25th.
- 2) Requirements of the proposal will require completion and submittal of the audit by the required due date.
- 3) Information and reports will be provided to the auditor in advance of the due date of the report.

Section III – Financial Statement Findings (continued)

A. Financial Statement Findings – Primary Government (continued)

FS 10-08: Travel and Per Diem (Compliance)

Criteria: The Mileage and Per Diem Act, DFA Rule 95-1 and proper internal controls require that mileage, travel reimbursement, and per diem paid be calculated accurately, in accordance with State Statute, and be supported by adequate documentation.

Condition: We noted the following problems in six out of our testwork of nine travel and per diem checks written, totaling \$1,042.03:

- Five per diem checks were inappropriately applying the high-cost rate to travel to Ruidoso and Albuquerque. The total overpayment for these five checks was \$110.
- The client was unable to locate one check requested, totaling \$473.38.

Effect: Employees of the City were overpaid with public funds for travel and per diem reimbursements.

Cause: The City of Tucumcari's travel and per diem policies and procedures do not conform to State statute.

Auditors' Recommendation: We recommend that the City put into place policies and procedures to be followed to ensure compliance with The Mileage and Per Diem Act and the DFA Rule 95-1. In addition, we recommend that travel and per diem calculations be reviewed by an individual familiar with the State statutes prior to the issuance of checks.

Agency's Response: The City has adopted a Mileage and Per Diem Policy that is in compliance with the Mileage and Per Diem Act and DFA Rule 95-1. All travel requests are being reviewed by the City Clerk and confirmation is required for actual dates and times of travel prior to the final check being issued.

Actions taken by Management:

- 1) The policy has been completed in accordance with the State Statute
- 2) The Travel and Per Diem will be supported with adequate documentation and reviewed by the City Clerk, familiar with the State statutes.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority

2008-07: Security Deposits Not Matching the Restricted Cash Account(Compliance)

Condition: The restricted tenant deposits accounts do not match the liability accounts for the deposits. For the Low Rent Public Housing Program, the cash account is overfunded by \$463. For the USDA FmHA Rural Housing Program, the cash account is overfunded by \$295. These accounts are 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: As of January 2010, Tucumcari Housing Authority has undergone a complete staff turnover. We are in the process of developing and implementing control systems to monitor the Security Deposit /Restricted Cash Account to insure funds are distributed properly between accounts on a monthly basis.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority (continued)

2008-08 - Deficiencies in Internal Control Structure Design, Operation, and Oversight (material)

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

- There is not a fraud risk assessment done at the Housing Authority
- There is inadequate segregation of duties.
- Bank reconciliations are prepared by an outside fee accountant and no review by management is performed.
- Changes to customer and vendor master files are not reviewed.

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 115, the internal control and financial reporting process should have adequate oversight provided by the body charged with governance.

Effect: Because there is not an adequate internal control structure or oversight by the 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 2010 management, the body charged with governance, and staff did not have expertise and/or training to implement an adequate internal control structure.

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: As of January 2010 Tucumcari Housing Authority has undergone complete re-staffing: new policies and documentation have or will be implemented.

- There is not a fraud risk assessment done at the Housing Authority – Fraud policy has been prepared for Board review and approval.
- There is inadequate segregation of duties. – Due to staff size, duties are aligned by program specialists and cross-training is ongoing.
- Bank reconciliations are prepared by an outside fee accountant and no review by management is performed. – All documents prepared by fee accountant will be reviewed/initialed
- Changes to customer and vendor master files are not reviewed.- Vendor accounts will be reviewed quarterly and removed if determined vendor has been inactive for more than 12 months.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority (continued)

2009-01: Preparation of Financial Statements(Significant)

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

Criteria: According to the American Institute of Certified Public Accountants’ Statement on Auditing Standards No. 115, 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 Housing Authority’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 Housing Authority’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)
 - Department of Housing and Urban Development (HUD)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
 - Management’s discussion and analysis
 - Financial Data Schedule
 - Schedule of Expenditures of Federal Awards
- Supplementary information required by the Office of the State Auditor

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

Agency’s Response: Tucumcari Housing has undergone complete re-staffing since January 2010. Training is ongoing and the Housing Authority is working closely with fee accountant and City of Tucumcari finance staff. Policies and procedures are or will be designed to prevent or detect the potential of misstatements in financial statements and related footnote disclosures.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority (continued)

2009-02: Budgets Over-Expended (Compliance)

Condition: The Authority over expended its budgetary authority at the fund level in the following funds due to its failure to submit its proposed budget for the 2010 fiscal year to the New Mexico Department of Finance and Administration (DFA) by June 1, 2009:

Low Rent Public Housing Program	\$	335,951
Capital Funds Program		56,785
Section 8 Housing Choice Vouchers Program		486,773
USDA FmHA Rural Housing Program		131,040

Criteria: Section 6-6-2A, NMSA 1978, requires each local public body to furnish and file with the local government division, on or before June 1 of each year, a proposed budget for the next fiscal year. At this point, the budget becomes legally enforceable.

Effect: Because of the failure to obtain DFA approval of its budgets, the Housing Authority is in violation of the applicable laws, regulations and policies established by the State of New Mexico.

Cause: The Housing Authority was not aware of the requirement to submit the proposed budget to DFA as well as to HUD.

Auditors' Recommendation: We recommend that the Authority file their proposed budgets as required by state statutes and establish policies and procedures to ensure that all expenditures are budgeted for and funds are not over-expended.

Agency's Response: Tucumcari Housing submitted the budget to HUD Albuquerque field office meeting all requirements. Submission was approved by HUD Albuquerque field office. Because Tucumcari Housing is a component of the City of Tucumcari, budget should have been submitted by the City of Tucumcari to NMDFA. If it is determined that the City of Tucumcari should have submitted to NMDFA the City of Tucumcari will comply by January 1, 2011. *Tucumcari Housing Authority strongly disagrees with this finding.*

FS 2010-01: Incorrect Bank Reconciliation(Significant)

Condition: The bank reconciliation for the Public Housing operating checking account does not agree to the general ledger. The difference is \$19,168.11.

Criteria: Bank reconciliations are required to agree to cash balances per the general ledger.

Effect: Several improper reconciling items were included on the bank reconciliation, causing the reconciled balance on the bank reconciliation to be greater than the cash balance on the general ledger by \$19,168.11.

Cause: A software failure during the year required the Authority's fee accountant to reprocess one month's worth of data. Several reconciling items were not removed from the system properly during this process.

Auditors' Recommendation: We recommend that bank reconciliations be reviewed by management on a monthly basis for accuracy.

Agency's Response: New staff began in January 2010. Training is ongoing and procedures have been put in place to review all reconciliations on a monthly basis.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority (continued)

FS 2010-02: Stale Dated Checks and Voided Checks(Compliance)

Condition: The Authority is in violation of state statute regarding stale dated checks. In the Public Housing operating account, the Authority has 7 checks at June 30, 2010 that are over one year old. They are written in the amounts of \$2.00, \$30.00, \$28.00, \$282.00, \$517.26, \$232.50, and \$81.00. In addition, the auditor noted that two checks had been physically voided and retained by the Authority but not voided in the accounting system. The checks were written for \$231.00 and \$247.00.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation requires local public bodies to cancel or void any check that is unpaid for one year after it is written. When it is necessary to void a check, the check should be voided both physically and in the accounting system.

Effect: The Authority is in violation of New Mexico Statute, Section 6-10-57, NMSA, 1978. Also, the Authority's cash balances are not accurately reflected as a result of stale-dated checks and voided checks appearing on the outstanding check listings.

Cause: The Authority was unaware of the requirement to escheat these checks to the State and the physically voided checks were overlooked by management and the fee accountant.

Auditors' Recommendation: We recommend that the Authority implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided and escheated to the State. In addition, we recommend that the Authority develop procedures for the handling of voided checks in the accounting system, in addition to the existing controls over the physical process of voiding checks.

Agency's Response: Tucumcari Housing has undergone new staffing since January 2010. Policy is in place and we will be working closely with fee accountant to insure outstanding checks and voided checks are handled properly and in a timely manner.

FS 2010-03: Travel and Per Diem(Compliance)

Condition: We noted the following problems in four out of our testwork of five travel and per diem checks written:

- One per diem travel advance check was calculated incorrectly, inappropriately applying the high-cost rate to travel to Albuquerque and applying the 80% travel advance limit to only a portion of the per diem calculated.
- One employee received both reimbursement for actual lodging expenses and per diem for the same days. Per diem for this trip was calculated using the IRS table rates instead of those rates spelled out by State statute. In addition, reimbursement for airfare for this trip was overpaid by \$9.65 according to the receipt submitted for reimbursement.

Criteria: The Mileage and Per Diem Act, DFA Rule 95-1 and proper internal controls require that mileage, travel reimbursement, and per diem paid be calculated accurately, in accordance with State Statute, and be supported by adequate documentation.

Effect: Employees of the Housing Authority were overpaid with public funds for travel and per diem reimbursements.

Cause: The Housing Authority follows the City of Tucumcari's travel and per diem policies and procedures, which do not conform to State statute.

Auditors' Recommendation: We recommend that the Authority put into place, policies and procedures to be followed to ensure compliance with The Mileage and Per Diem Act and the DFA Rule 95-1. In addition, we recommend that travel and per diem calculations be reviewed by an individual familiar with the State statutes prior to the issuance of checks.

Agency's Response: Tucumcari Housing is in the process of implementing policies and procedures that ensure compliance the DFA Rule 95-1. As a component to the City of Tucumcari, Tucumcari Housing uses the City's rule and will have calculations reviewed by the individual who is familiar with State statutes prior to issuance of checks for travel/per diem.

Section III – Financial Statement Findings (continued)

B. Financial Statement Findings – Housing Authority (continued)

FS 2010-04 – Information Technology(Significant)

Condition: During our audit, we noted that:

- Adequate controls have not been established for the protection of IT resources including data and information in the following areas:
 1. Backup and data recovery processes have not been established.

Criteria: Sound accounting and risk management principles require the protection and security of electronic records and information. An appropriate policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.

Effect: Lack of IT policies and lack of contingency planning leave the Authority at risk for loss or misuse of data and information.

Cause: The Authority is not properly safeguarding IT assets and resources. The following deficiencies were noted:

- Lack of IT policies to prevent data loss

Auditors' Recommendation: The Authority should consider implementing the following recommendations:

- Establish policies to backup and data recovery

Agency's Response: Tucumcari Housing Authority is working with the City of Tucumcari to establish an offsite location for back up and data recovery. THA also has the ability to retrieve potentially lost data from their fee accountant with regard to financial information and Public Housing/Section 8 data from the software company.

Section IV – Federal Award Findings and Questioned Costs

2007-11 — Lack of Adequate Internal Controls over Compliance

Federal program information:

Funding agency: U.S. Department Housing and Urban Development
Title: Section 8, Public Housing Low Rent, and Capital Fund Programs
CFDA number: 14.871, 14.850, and 14.872/14.885
Award period: July 1, 2009 – June 30, 2010

Condition: The Housing Authority does not have a comprehensive documented internal control structure. Also, controls in certain specific areas are not operating as designed. These include:

- Required reports are not reviewed and approved prior to submittal
- Supporting documentation was missing for one disbursement from the Section 8 program, out of 51 tested. The check for this disbursement did not clear the bank and was not paid.

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: For the fiscal year 2010 management, the body charged with governance, and staff did not have expertise and/or training to implement an adequate internal control over compliance structure.

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 controls.

Agency's Response: Tucumcari Housing Authority has undergone complete re-staffing since January 2010 and is developing an internal policy designed to provide control methods ensuring compliance. THA is working closely with The City of Tucumcari and continues to receive training.

Section IV – Federal Award Findings and Questioned Costs (continued)

FA 10-09 — Audit Report Submission to the New Mexico State Auditor and A-133 Data Collection Form

Applies to all federal awards and all CFDA numbers

Condition: The report was due to the Federal Clearing House no later than 9 months after the end of the fiscal year. The report was not submitted to the Federal Clearing House by this deadline.

Criteria: Per OMB Circular A-133 the single audit data collection form was to be submitted no later than 9 months after the end of the fiscal year.

Effect: Noncompliance with OMB Circular A-133. Late audit reports and financial statements could also impact funding from federal and state sources.

Cause: Changes in management and financial staff near the end of the fiscal year resulted in late provision of audit information to the auditors.

Auditors' Recommendations: We recommend that information and reports be prepared and provided to the auditors in advance of the due date of the report.

Agency's Response: The City has a new Finance Director and we will work closely with our auditor's to ensure that all requested information be given to the auditors in advance of the due date of the report.

Actions taken by Management:

- 1) Request for Proposals have been requested and will be evaluated on April 25th.
- 2) Requirements of the proposal will require completion and submittal of the audit by the required due date.
- 3) Information and reports will be provided to the auditor in advance of the due date of the report.

STATE OF NEW MEXICO

City of Tucumcari

Other Disclosures

June 30, 2010

Exit Conference

An exit conference was held on May 3, 2011. In attendance were the following:

Representing the City of Tucumcari:

Jim Witcher	Mayor
Antonio Apodaca	Mayor Pro Tem
Bobbye Rose	City Manager
Dennis Dysart	Finance Director
Vicki Strand	Deputy Finance Director

Representing the City of Tucumcari Housing Authority:

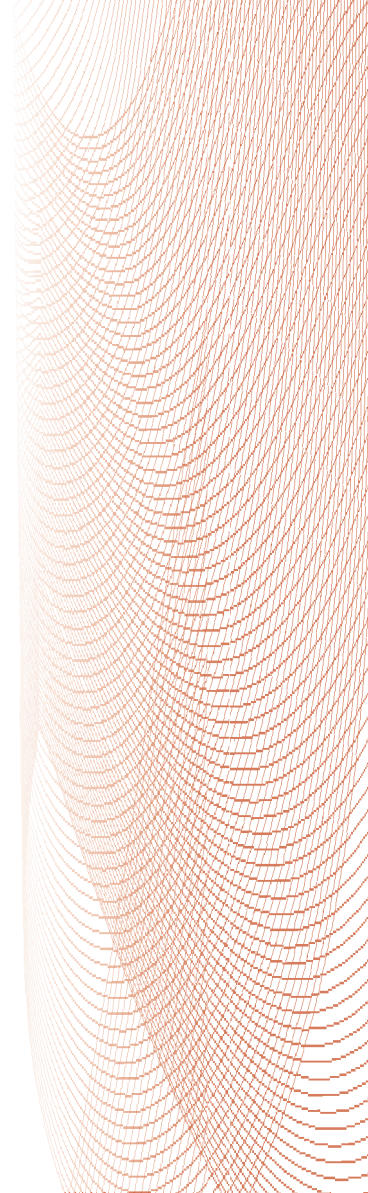
Jim Witcher	Mayor
Antonio Apodaca	Mayor Pro Tem

Representing Accounting & Consulting Group, LLP:

James Hartogensis, CPA	Audit Manager
Gwen Raley, CPA	In-Charge Auditor

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.



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