

STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012



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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
CITY OF TUCUMCARI**

Official Roster
June 30, 2012

City Council

Mayor	Amiel Curnutt
Mayor Pro-Tem	Daniel Lopez
Commissioner	Dora Salinas-McTigue
Commissioner	Jimmy Sandoval
Commissioner	Robert Lumpkin

Administrative Officials

City Manager	Doug Powers
Assistant City Manager	Mike Cherry
City Clerk	Angelica Gray
City Planning Director	Yvette Fazekas
City Finance Director	Dennis Dysart

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012
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**STATE OF NEW MEXICO
CITY OF TUCUMCARI**

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FINANCIAL SECTION

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Griego Professional Services, LLC

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 aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of City of Tucumcari, New Mexico (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statement of each for the City's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital project fund, major debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of City of Tucumcari, New Mexico's, management. Our responsibility is to express an opinion 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, and the aggregate remaining fund information of City of Tucumcari, New Mexico, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of City of Tucumcari, New Mexico as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, major debt service fund, and all nonmajor funds 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 a report dated November 21, 2012 on our consideration of Tucumcari, New Mexico'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.

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Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages iv through x be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The "Supporting Schedules" listed in the table of contents are presented for purposes of additional analysis are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico
November 21, 2012

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CITY OF TUCUMCARI, NEW MEXICO
2012 – MANAGEMENT DISCUSSION & ANALYSIS



PO Box 1188, Tucumcari, NM 88401
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www.cityoftucumcari.com

As management of the City of Tucumcari, NM (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audit report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$12,638,224 (*net assets*). Of this amount, \$1,117,013 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,404,415; which was a slight decrease as compared to prior year. Although taxes and business type service charges are showing a slight growth rate, they are not increasing at the same rate as personnel and operations.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,862,831, an increase of \$331,906 in comparison with prior year. Approximately 22.67% of this total amount, \$724,292, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,222,305 or 31.21% of total general fund expenditures. Cash basis fund balance was \$1,148,063.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacations leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, public safety, health and welfare, and public works (highways and streets). The business-type activities of the City include the operations of the Airport, Joint Utilities (Water , Wastewater & Lab), Solid Waste (Sanitation), the Housing Authority, a blended component department (Public Housing, Section 8, and Chaparral), and the internal service fund.

CITY OF TUCUMCARL, NEW MEXICO
2012 – MANAGEMENT DISCUSSION & ANALYSIS

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-three (23) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund (16 Departments), major governmental funds (4 Funds) and other minor governmental funds (18 Funds). The major governmental funds include the Fire District Fund, the 1/8th Economic Development Fund, the Golf Course Capital Improvements Fund, and the Lodger's Tax GRT Series 2002 Fund. Data from the other eighteen (18) governmental funds are also combined into a single, aggregated presentation, "Other Governmental Funds" (Non major Governmental Funds). Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary Information Section.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for all its funds to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The business-type activities (enterprise funds) of the City include the operations of the Airport, Joint Utilities (Water , Wastewater & Lab), Solid Waste (Sanitation), the Housing Authority, a blended component department (Public Housing, Section 8, and Chaparral), and the internal service fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Human Resources, Mechanics, Warehouse, Facilities, Janitorial, and IT Support. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Joint Utility, and Solid Waste which are considered to be the major proprietary funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the propriety fund financial statements.

CITY OF TUCUMCARI, NEW MEXICO
2012 – MANAGEMENT DISCUSSION & ANALYSIS

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information. The combining statements referred to earlier in connection with nonmajor governmental and nonmajor proprietary funds are presented immediately following the notes to the financial statements

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$42,037,528 at the close of the most recent fiscal year.

The largest portion, 82.42%, of the City's net assets reflects the balances of its capital assets, net of related debt, which represents its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding (\$84,007,901). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The remaining balance (\$7,389,891) reflects the unrestricted resources (\$5,238,613) and resources that are subject to external restrictions on how they may be used (\$2,151,278).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF TUCUMCARI'S NET ASSETS
(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
ASSETS						
Current and other assets	\$ 3,414	\$ 3,143	\$ 4,631	\$ 5,442	\$ 8,045	\$ 8,585
Capital assets (Net)	<u>11,670</u>	<u>9,873</u>	<u>35,444</u>	<u>28,844</u>	<u>47,114</u>	<u>38,717</u>
Total assets	<u>\$ 15,084</u>	<u>\$ 13,016</u>	<u>\$ 40,075</u>	<u>\$ 34,286</u>	<u>\$ 55,159</u>	<u>\$ 47,302</u>
LIABILITIES						
Current liabilities	\$ 415	\$ 533	\$ 393	\$ 908	\$ 809	\$ 1,441
Noncurrent liabilities	<u>2,031</u>	<u>2,250</u>	<u>10,282</u>	<u>10,413</u>	<u>12,313</u>	<u>12,663</u>
Total liabilities	<u>\$ 2,446</u>	<u>\$ 2,783</u>	<u>\$ 10,675</u>	<u>\$ 11,321</u>	<u>\$ 13,122</u>	<u>\$ 14,104</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 9,549	\$ 7,521	\$ 25,099	\$ 18,377	\$34,648	\$ 25,898
Restricted net assets	1,972	1,708	179	410	2,151	2,118
Unrestricted net assets	<u>1,117</u>	<u>1,005</u>	<u>4,121</u>	<u>4,177</u>	<u>5,238</u>	<u>5,182</u>
Total net assets	<u>\$ 12,638</u>	<u>\$ 10,234</u>	<u>\$ 29,399</u>	<u>\$ 22,964</u>	<u>\$ 42,037</u>	<u>\$ 33,198</u>

Overall net assets increased by \$8,838,676. This was a 24.79% increase from prior year. Many of the City's grant projects rolled over from prior year grant awards. Overall revenues increased, although tax revenues have remained stable as compared to national trends. The main increase in expenses is the rising cost of personnel and services, mainly fuel.

CITY OF TUCUMCARI, NEW MEXICO
2012 – MANAGEMENT DISCUSSION & ANALYSIS

CITY OF TUCUMCARI'S CHANGES IN NET ASSETS
(AMOUNTS IN THOUSANDS)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
REVENUES						
Program revenues						
Charges for services	\$ 2,019	\$ 1,705	\$ 3,791	\$ 3,562	\$ 5,810	\$ 5,267
Operating and capital grants	2,212	5,202	4,854	6,485	7,066	11,687
General Revenues						
Property taxes	325	63	-	-	325	63
Other taxes	3,427	3,709	2,820	318	6,247	4,027
Other	<u>377</u>	<u>388</u>	<u>(63)</u>	<u>212</u>	<u>314</u>	<u>600</u>
Total Revenues	<u>8,359</u>	<u>11,067</u>	<u>11,402</u>	<u>10,577</u>	<u>19,761</u>	<u>21,644</u>
EXPENSES						
General government	1,081	1,666	-	-	1,081	1,666
Culture and recreation	2,205	496	-	-	2,205	496
Public safety	519	1,775	-	-	519	1,775
Health and welfare	609	570	-	-	609	570
Public works	1,316	4,246	-	-	1,316	4,246
Airport	-	-	313	511	313	511
Joint Utility	-	-	2,503	3,188	2,503	3,188
Sanitation	-	-	946	3,717	946	3,717
Housing Authority	-	-	1,184	1,166	1,184	1,166
Interest on long-term debt	<u>65</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>93</u>
Total Expenses	<u>5,796</u>	<u>8,846</u>	<u>5,126</u>	<u>8,582</u>	<u>65,483</u>	<u>17,428</u>
Increase in Net Assets Before Net Transfers						
Net Transfers	2,563	2,221	6,276	1,995	8,839	4,216
Net Transfers	<u>(159)</u>	<u>(73)</u>	<u>159</u>	<u>73</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	2,404	2,148	6,435	2,068	8,839	4,216
Net Assets, 06/30/10	<u>10,234</u>	<u>8,086</u>	<u>22,964</u>	<u>20,896</u>	<u>33,198</u>	<u>28,982</u>
Net Assets, 06/30/11	<u>\$12,638</u>	<u>\$10,234</u>	<u>\$29,399</u>	<u>\$ 22,964</u>	<u>\$ 42,037</u>	<u>\$33,198</u>

Governmental Activities. Governmental activities increased the City's net assets by \$2,404,415, thereby accounting for 27.20% of the total increase in the net assets of the City. This represented an increase of \$2,404,415, which is up 11.91% as compared to prior year. Key elements of this increase are as follows:

- Operating and capital grants decreased by \$2,983,689, primarily due to the continuing progress grants for the reconstruction of roadways coming to a close.
- Charges for services increased by \$314,065 due to the increases in water rates.
- Overall, tax revenue decreased by \$19,541 which is a minor decrease.
- Expenses decreased by 3,046,364 through cutting expenditures and better fiscal management.

Business-type Activities. Business-type activities increased the City's net assets by \$6,434,261 accounting for 73.80% of the total growth of the government's net assets. The increase of \$4,106,554 was 311.11% as compared to last year. Key elements of this increase are as follows:

- Operating and capital grants decreased \$4,614,996. Not all grant awards have been expended.
- Expenses for business-type activities decreased \$8,910,946, which was caused by the increase in capitalization in the business-type activities and decreases in expenditures.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,194,737, an increase of \$331,906 in comparison with the prior year. The General Fund individually had an increase of \$67,178 in fund balance, which is available for spending at the City's discretion. Fund balance committed at year end was \$400,000.

CITY OF TUCUMCARI, NEW MEXICO
2012 – MANAGEMENT DISCUSSION & ANALYSIS

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$754,348 while total fund balance was \$1,222,305. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.26% of total General Fund expenditures, and total fund balance represents 31.22% of that same amount. The expenditure calculation does not consider \$440,827 in net transfers out of the General Fund.

During the current fiscal year, the fund balance of the City's General Fund increased by \$67,178. This reflects an increase of 5.81%. Key factors in this increase are as follows:

- Total revenues decreased \$321,519, while total expenditures decreased \$520,618.
- Net transfers out decreased by \$276,489.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total unrestricted net assets at the end of the year amounted to \$4,121,600. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$47,114,844 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and distribution systems. The total increase in the City's investment in capital assets for the current fiscal year was 22.01% (18.29% increase for governmental activities and 23.28% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction continued on the wastewater project and system additions and improvements were completed by at a cost of \$7,200,848.
- The City was continued work on the reconstruction of Mainstreet project roadways at a cost of \$2,263,124.
- Various equipment and machinery additions were capitalized by the City at a cost of \$193,433.
- A variety of building and infrastructure projects were completed by the City at a cost of \$565,827.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$7,946,201. Of this amount, \$1,245,000 comprises debt back by lodger's and gross receipt taxes and \$6,125,671 is backed by revenue generated by business-type activities. The remaining balance of \$917,711 is made up of loans backed by specific operational revenue sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tucumcari, Finance Department, P.O. Box 1188, Tucumcari, New Mexico 88401. In addition, information concerning the City's component unit, Tucumcari Housing Authority's and their complete financial statements can be obtained from the Tucumcari Housing Authority, 323 E. Smith Street, Tucumcari, New Mexico 88401.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,156,978	\$ 3,271,213	\$ 5,428,191
Short term investments	245,540	450,599	696,139
Receivables			
Property taxes	7,548	-	7,548
Other taxes	11,733	-	11,733
Intergovernmental	98,082	7,438	105,520
Customers, net of allowance	1,925	565,735	567,660
Other accounts receivable	362,669	136,561	499,230
Prepaid insurance	98,446	4,806	103,252
Inventory	-	164,780	164,780
Internal balances	126,154	(126,154)	-
Total Current Assets	3,109,075	4,474,978	7,584,053
Noncurrent Assets			
Restricted cash and equivalents	264,297	140,713	405,010
Bond issuance costs (net of accumulated amortization of \$2,500 and \$1,240)	22,500	15,247	37,747
Original issue discounts (net of accumulated amortization of \$2,025)	18,221	-	18,221
Capital assets	22,219,367	55,884,311	78,103,678
Less: accumulated depreciation	(10,548,598)	(20,440,236)	(30,988,834)
Total Noncurrent Assets	11,975,787	35,600,035	47,575,822
Total Assets	\$ 15,084,862	\$ 40,075,013	\$ 55,159,875

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities			
Current Liabilities			
Accounts payable	\$ 105,574	\$ 29,627	\$ 135,201
Accrued payroll liabilities	52,875	18,596	71,471
Customer deposits payable	3,108	121,698	124,806
Other accrued liabilities	4,864	-	4,864
Deferred revenue - prepaid rent	-	32	
Accrued interest payable	6,266	72,313	78,579
Current portion of accrued compensated absences	27,810	4,524	32,334
Current portion of long term obligations	215,154	146,660	361,814
Total Current Liabilities	415,651	393,450	809,101
Noncurrent Liabilities			
Non current portion of accrued compensated absences	84,040	48,822	132,862
Bonds payable	1,946,947	-	1,946,947
Notes & Capital Leases Payable	-	5,998,644	5,998,644
Landfill liability	-	4,234,793	4,234,793
Total Noncurrent Liabilities	2,030,987	10,282,259	12,313,246
Total Liabilities	2,446,638	10,675,709	13,122,347
Net Assets			
Invested in capital assets, net of related debt	9,549,389	25,079,225	34,628,614
Restricted for:			
Debt service	236,415	-	236,415
Capital projects	108,739	-	108,739
Special revenue funds/other purposes	1,627,278	178,846	1,806,124
Unrestricted	1,116,403	4,141,233	5,257,636
Total Net Assets	12,638,224	29,399,304	42,037,528
Total Liabilities and Net Assets	\$ 15,084,862	\$ 40,075,013	\$ 55,159,875

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF ACTIVITIES
JUNE 30, 2012

	Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government				
Governmental Activities:				
General government	\$ 1,081,168	\$ 1,388,733	\$ 381,512	\$ -
Public safety	2,204,797	541,251	791,676	-
Culture and recreation	518,661	75,930	-	-
Health and welfare	609,440	-	479,863	-
Public works	1,316,539	13,300	-	558,973
Interest on long-term debt	65,810	-	-	-
Total governmental activities	<u>5,796,415</u>	<u>2,019,214</u>	<u>1,653,051</u>	<u>558,973</u>
Business-type activities				
Airport	585,475	313,128	-	654,434
Joint Utility	2,502,836	2,369,801	-	3,510,192
Sanitation	854,182	945,679	-	-
Housing Authority	1,184,091	162,048	662,697	26,604
Total business-type activities	<u>5,126,584</u>	<u>3,790,656</u>	<u>662,697</u>	<u>4,191,230</u>
Total primary government	<u><u>10,922,999</u></u>	<u><u>5,809,870</u></u>	<u><u>2,315,748</u></u>	<u><u>4,750,203</u></u>

General Revenues:

Taxes
Property taxes
Gross receipts taxes
Other taxes
Interest income
Transfers in (out)
Gain (loss) on asset disposal
Miscellaneous income
Total General Revenues and Transfers
Change in net assets
Total net assets - beginning of year
Restatement (Note 18)
Restated net assets - beginning of year
Total net assets - end of year

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ 689,077	\$ -	\$ 689,077
(871,870)	-	(871,870)
(442,731)	-	(442,731)
(129,577)	-	(129,577)
(744,266)	-	(744,266)
(65,810)	-	(65,810)
<u>(1,565,177)</u>	<u>-</u>	<u>(1,565,177)</u>
-	382,087	382,087
-	3,377,157	3,377,157
-	91,497	91,497
-	(332,742)	(332,742)
<u>-</u>	<u>3,517,999</u>	<u>3,517,999</u>
<u>-</u>	<u>-</u>	<u>-</u>
325,595	-	325,595
2,418,463	-	2,418,463
1,008,251	2,819,625	3,827,876
7,837	5,903	13,740
(159,280)	159,280	-
(8,854)	(113,690)	(122,544)
377,580	45,144	422,724
<u>3,969,592</u>	<u>2,916,262</u>	<u>6,885,854</u>
<u>2,404,415</u>	<u>6,434,261</u>	<u>8,838,676</u>
10,233,809	22,964,547	33,198,356
-	496	496
<u>10,233,809</u>	<u>22,965,043</u>	<u>33,198,852</u>
<u>\$ 12,638,224</u>	<u>\$ 29,399,304</u>	<u>\$ 42,037,528</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Fire Districts Fund
Assets		
<i>Current:</i>		
Cash and cash equivalents	\$ 811,959	\$ 613,920
Short term investments	-	-
Accounts receivable		
Property taxes	7,548	-
Other taxes	11,733	-
Intergovernmental	71,151	-
Miscellaneous	12,944	-
Interfund receivable	336,104	-
Prepaid expenses	67,957	11,677
Interfund note receivable	-	-
<i>Total assets</i>	\$ 1,319,396	\$ 625,597
 Liabilities and fund balances		
<i>Liabilities</i>		
Accounts payable	\$ 58,092	\$ -
Accrued payroll liabilities	34,133	-
Customer deposits payable	2	-
Other accrued liabilities	4,864	-
Interfund payable	-	-
Interfund note payable	-	-
<i>Total liabilities</i>	97,091	-
 Fund balances		
Nonspendable	67,957	11,677
Restricted	-	613,920
Committed	400,000	-
Assigned	-	-
Unassigned	754,348	-
<i>Total fund balances</i>	1,222,305	625,597
<i>Total liabilities and fund balances</i>	\$ 1,319,396	\$ 625,597

The accompanying notes are an integral part of these financial statements

<u>1/8% Economic Development Tax Fund</u>	<u>Golf Course Capital Imp. Fund</u>	<u>Lodger's Tax GRT Series 2002 Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 201,529	\$ 18,089	\$ 181,076	\$ 588,765	\$ 2,415,338
245,540	-	-	-	245,540
-	-	-	-	7,548
-	-	-	-	11,733
-	-	-	18,592	89,743
-	2,625	-	349,025	364,594
-	-	-	-	336,104
-	-	-	15,889	95,523
44,867	-	-	-	44,867
<u>\$ 491,936</u>	<u>\$ 20,714</u>	<u>\$ 181,076</u>	<u>\$ 972,271</u>	<u>\$ 3,610,990</u>
\$ 4,167	\$ -	\$ -	\$ 43,315	\$ 105,574
-	-	-	13,757	47,890
-	-	-	3,106	3,108
-	-	-	-	4,864
-	-	-	209,950	209,950
-	44,867	-	-	44,867
<u>4,167</u>	<u>44,867</u>	<u>-</u>	<u>270,128</u>	<u>416,253</u>
44,867	-	-	15,889	140,390
442,902	-	181,076	628,465	1,866,363
-	-	-	63,692	463,692
-	-	-	-	-
-	(24,153)	-	(5,903)	724,292
<u>487,769</u>	<u>(24,153)</u>	<u>181,076</u>	<u>702,143</u>	<u>3,194,737</u>
<u>\$ 491,936</u>	<u>\$ 20,714</u>	<u>\$ 181,076</u>	<u>\$ 972,271</u>	<u>\$ 3,610,990</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit B-1
Page 2 of 2

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

Fund balances - total governmental funds	\$	3,194,737
Internal service funds assets and liabilities, included in governmental activities in the statement of net assets:		
Current Assets		17,199
Capital Assets		13,952
Liabilities		(5,595)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		11,656,817
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:		
Accrued interest		(6,266)
Current portion of accrued compensate absences		(27,810)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Noncurrent portion of accrued compensated absences		(83,430)
Bond issuance costs		22,500
Discounts on bonds payable		18,221
Bonds payable		(2,162,101)
Net assets-Governmental Activities	\$	<u>12,638,224</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, 2012

	<u>General Fund</u>	<u>Fire Districts Fund</u>
<i>Revenues:</i>		
Property taxes	\$ 325,595	\$ -
Gross receipts taxes	2,418,463	-
Other taxes	158,808	-
State grants	292,744	239,763
Federal grants	96,406	-
Licenses and fees	130,838	-
Charges for services	752,617	-
Investment income	585	247
Miscellaneous	267,561	1,013
<i>Total Revenues</i>	<u>4,443,617</u>	<u>241,023</u>
<i>Expenditures:</i>		
<i>Current:</i>		
General Government	867,787	-
Public safety	1,656,458	105,964
Culture and recreation	771,822	-
Health and welfare	-	-
Public works	594,299	-
Capital Outlay	-	5,168
<i>Debt Service:</i>		
Principal	-	50,213
Interest	-	4,682
Bond issuance costs	25,000	-
<i>Total Expenditures</i>	<u>3,915,366</u>	<u>166,027</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>528,251</u>	<u>74,996</u>
<i>Other financing sources (uses)</i>		
Proceeds from note payable	-	-
Discount on bonds payable	(20,246)	-
Operating transfers in	-	-
Operating transfers (out)	(440,827)	-
<i>Total other financing sources (uses)</i>	<u>(461,073)</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	67,178	74,996
<i>Fund balance - beginning of year</i>	1,155,127	550,601
<i>Fund balance - end of year</i>	<u>\$ 1,222,305</u>	<u>\$ 625,597</u>

The accompanying notes are an integral part of these financial statements

1/8% Economic Development Tax Fund	Golf Course Capital Imp. Fund	Lodger's Tax GRT Series 2002 Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 325,595
-	-	-	-	2,418,463
126,506	-	-	722,937	1,008,251
-	-	-	1,469,753	2,002,260
-	-	-	113,358	209,764
-	13,300	-	664,115	808,253
-	-	-	16,456	769,073
6,782	-	193	30	7,837
(4,805)	-	-	106,405	370,174
<u>128,483</u>	<u>13,300</u>	<u>193</u>	<u>3,093,054</u>	<u>7,919,670</u>
133,674	-	19,716	93,813	1,114,990
-	-	-	1,122,705	2,885,127
-	-	-	409,206	1,181,028
-	-	-	483,553	483,553
-	-	-	290,893	885,192
-	-	-	631,007	636,175
-	(4,805)	1,475,000	20,955	1,541,363
-	5,348	34,531	21,249	65,810
-	-	-	-	25,000
<u>133,674</u>	<u>543</u>	<u>1,529,247</u>	<u>3,073,381</u>	<u>8,818,238</u>
<u>(5,191)</u>	<u>12,757</u>	<u>(1,529,054)</u>	<u>19,673</u>	<u>(898,568)</u>
-	-	1,370,000	-	1,370,000
-	-	-	-	(20,246)
4,868	-	159,054	756,079	920,001
(11,250)	-	-	(587,204)	(1,039,281)
<u>(6,382)</u>	<u>-</u>	<u>1,529,054</u>	<u>168,875</u>	<u>1,230,474</u>
(11,573)	12,757	-	188,548	331,906
499,342	(36,910)	181,076	513,595	2,862,831
<u>\$ 487,769</u>	<u>\$ (24,153)</u>	<u>\$ 181,076</u>	<u>\$ 702,143</u>	<u>\$ 3,194,737</u>

The accompanying notes are an integral part of these financial statements

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2012

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

Net change in fund balances - total governmental funds	\$	331,906
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		2,670,748
Depreciation expense		(864,100)
Loss on disposal of assets		(8,854)

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments on bonds		1,559,021
Bond proceeds		(1,370,000)
Bond issuance costs upon issuance		25,000
Bond discount upon issuance		20,246
Decrease in compensated absences		20,853
Decrease in accrued interest expense		4,324
Amortization of bond issuance costs		(2,500)
Amortization of bond discounts		(2,025)

The activity of the internal service fund is reported with the governmental activities on the statement of activities

Revenue		441,888
Expense		<u>(422,092)</u>

Change in net assets of governmental activities	\$	<u><u>2,404,415</u></u>
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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 ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 3,165,859	\$ 3,165,859	\$ 3,145,096	\$ (20,763)
Intergovernmental	373,591	373,591	373,060	(531)
Licenses and fees	118,885	118,885	130,838	11,953
Charges for services	750,995	750,995	752,617	1,622
Investment income	1,000	1,000	585	(415)
Miscellaneous	233,783	233,783	243,287	9,504
<i>Total revenues</i>	<u>4,644,113</u>	<u>4,644,113</u>	<u>4,645,483</u>	<u>1,370</u>
<i>Expenditures:</i>				
Current				
General Government	1,010,771	1,010,771	1,000,286	10,485
Public safety	1,707,293	1,707,293	1,650,196	57,097
Culture and recreation	812,676	812,676	756,598	56,078
Health and welfare	-	-	-	-
Public works	675,166	675,166	612,630	62,536
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>4,205,906</u>	<u>4,205,906</u>	<u>4,019,710</u>	<u>186,196</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>438,207</u>	<u>438,207</u>	<u>625,773</u>	<u>187,566</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(440,827)	(440,827)	(440,827)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	2,620	2,620	-	(2,620)
<i>Total other financing sources (uses)</i>	<u>(438,207)</u>	<u>(438,207)</u>	<u>(440,827)</u>	<u>(2,620)</u>
<i>Net change in fund balances</i>	-	-	184,946	184,946
<i>Fund balances - beginning of year</i>	-	-	963,117	963,117
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148,063</u>	<u>\$ 1,148,063</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(201,866)	
Expenditure accruals			84,098	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 67,178</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

CITY OF TUCUMCARI

FIRE DISTRICTS 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	239,763	239,763	239,763	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	247	247	247	-
Miscellaneous	1,013	1,013	1,013	-
<i>Total revenues</i>	<u>241,023</u>	<u>241,023</u>	<u>241,023</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	144,457	144,457	118,528	25,929
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	5,168	5,168	5,168	-
Debt service				
Principal	50,000	50,000	50,213	(213)
Interest	4,682	4,682	4,682	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>204,307</u>	<u>204,307</u>	<u>178,591</u>	<u>25,716</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>36,716</u>	<u>36,716</u>	<u>62,432</u>	<u>25,716</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(36,716)	(36,716)	-	36,716
<i>Total other financing sources (uses)</i>	<u>(36,716)</u>	<u>(36,716)</u>	<u>-</u>	<u>36,716</u>
<i>Net change in fund balances</i>	-	-	62,432	62,432
<i>Fund balances - beginning of year</i>	-	-	551,488	551,488
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,920</u>	<u>\$ 613,920</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			12,564	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 74,996</u>	

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

STATE OF NEW MEXICO

Exhibit C-3

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 126,506	\$ 126,506	\$ 126,506	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	2,256	2,256	6,782	4,526
Miscellaneous	2,601	2,601	2,601	-
<i>Total revenues</i>	<u>131,363</u>	<u>131,363</u>	<u>135,889</u>	<u>4,526</u>
<i>Expenditures:</i>				
Current				
General Government	129,507	129,507	129,507	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>129,507</u>	<u>129,507</u>	<u>129,507</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,856</u>	<u>1,856</u>	<u>6,382</u>	<u>4,526</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	4,868	4,868	4,868	-
Operating transfers (out)	(11,250)	(11,250)	(11,250)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	4,526	4,526	-	(4,526)
<i>Total other financing sources (uses)</i>	<u>(1,856)</u>	<u>(1,856)</u>	<u>(6,382)</u>	<u>(4,526)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	447,069	447,069
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,069</u>	<u>\$ 447,069</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(7,406)	
Expenditure accruals			(4,167)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (11,573)</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, 2012

Assets	Airport	Joint Utility
Current Assets:		
Cash and investments	\$ -	\$ 2,576,415
Receivables		
Intergovernmental	-	-
Customers (net of allowance for uncollectibles)	-	528,383
Other receivables	10,214	62,062
Interfund receivables	(126,154)	-
Inventory	47,145	117,635
Prepaid insurance	-	-
Total current assets	(68,795)	3,284,495
Noncurrent Assets:		
Bond issuance costs, net of accumulated amortization	-	15,247
Capital assets	6,625,305	39,917,587
Less: accumulated depreciation	(3,149,947)	(13,419,922)
Total noncurrent assets	3,475,358	26,512,912
Total assets	\$ 3,406,563	\$ 29,797,407
Liabilities		
Current Liabilities:		
Accounts payable	\$ -	\$ 11,317
Accrued payroll liabilities	1,495	10,368
Other accrued liabilities	-	19,633
Accrued interest expense	-	71,296
Deferred revenue - prepaid rent	-	-
Customer/tenant deposits	-	109,247
Current portion of accrued compensated absences	-	-
Current portion of bonds and notes payable	-	115,659
Total current liabilities	1,495	337,520
Noncurrent Liabilities:		
Noncurrent portion of accrued compensated absences	2,713	34,967
Noncurrent portion of bonds and notes payable	-	5,315,629
Noncurrent portion of landfill liability	-	-
Total non-current liabilities	2,713	5,350,596
Total liabilities	4,208	5,688,116
Net Assets		
Invested in capital assets, net of related debt	3,475,358	21,081,624
Restricted	-	-
Unrestricted	(73,003)	3,027,667
Total net assets	3,402,355	24,109,291
Total liabilities and net assets	\$ 3,406,563	\$ 29,797,407

The accompanying notes are an integral part of these financial statements

<u>Solid Waste</u>	<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 414,698	\$ 871,412	\$ 3,862,525	\$ 5,937
-	7,438	7,438	8,339
32,117	5,235	565,735	-
64,285	-	136,561	-
-	-	(126,154)	-
-	-	164,780	-
-	4,806	4,806	2,923
<u>511,100</u>	<u>888,891</u>	<u>4,615,691</u>	<u>17,199</u>
-	-	15,247	-
4,412,688	4,928,731	55,884,311	113,696
<u>(1,522,715)</u>	<u>(2,347,652)</u>	<u>(20,440,236)</u>	<u>(99,744)</u>
<u>2,889,973</u>	<u>2,581,079</u>	<u>35,459,322</u>	<u>13,952</u>
<u>\$ 3,401,073</u>	<u>\$ 3,469,970</u>	<u>\$ 40,075,013</u>	<u>\$ 31,151</u>
\$ 5,011	\$ 13,299	\$ 29,627	\$ -
3,778	2,955	18,596	4,985
-	-	19,633	-
-	1,017	72,313	-
-	32	32	-
-	12,451	121,698	-
-	4,524	4,524	-
-	11,368	127,027	-
<u>8,789</u>	<u>45,646</u>	<u>393,450</u>	<u>4,985</u>
11,142	-	48,822	610
-	683,015	5,998,644	-
<u>4,234,793</u>	<u>-</u>	<u>4,234,793</u>	<u>-</u>
<u>4,245,935</u>	<u>683,015</u>	<u>10,282,259</u>	<u>610</u>
<u>4,254,724</u>	<u>728,661</u>	<u>10,675,709</u>	<u>5,595</u>
2,889,973	1,886,696	29,333,651	13,952
-	178,846	178,846	-
<u>(3,743,624)</u>	<u>675,767</u>	<u>(113,193)</u>	<u>11,604</u>
<u>(853,651)</u>	<u>2,741,309</u>	<u>29,399,304</u>	<u>25,556</u>
<u>\$ 3,401,073</u>	<u>\$ 3,469,970</u>	<u>\$ 40,075,013</u>	<u>\$ 31,151</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Airport</u>	<u>Joint Utility</u>
<i>Operating revenues:</i>		
Charges for services	\$ 313,128	\$ 2,369,801
Total operating revenues	<u>313,128</u>	<u>2,369,801</u>
<i>Operating expenses:</i>		
General and administrative	29,436	175,173
Personnel services	99,747	788,216
Contractual services	4,727	229,500
Supplies and purchased power	270,298	132,828
Maintenance and materials	3,074	196,450
Utilities	13,387	322,938
Depreciation	164,794	409,462
Miscellaneous	-	-
Total operating expenses	<u>585,463</u>	<u>2,254,567</u>
Operating income (loss)	(272,335)	115,234
<i>Non-operating revenues (expenses):</i>		
Taxes	-	2,756,373
Housing assistance payments	-	-
Interest income	-	1,888
Interest expense	(12)	(247,853)
Loss on disposal of assets	-	(18,705)
Amortization expense of bond issuance costs	-	(416)
Grant revenue	654,434	3,510,192
Miscellaneous	5,335	26,887
Total non-operating revenues	<u>659,757</u>	<u>6,028,366</u>
Transfers in	137,286	664,895
Transfers (out)	<u>(37,100)</u>	<u>(605,801)</u>
Total transfers	<u>100,186</u>	<u>59,094</u>
<i>Net Income</i>	487,608	6,202,694
<i>Total net assets - beginning</i>	2,914,747	17,906,597
<i>Prior period adjustment</i>	-	-
<i>Total net assets - restated</i>	<u>2,914,747</u>	<u>17,906,597</u>
<i>Total net assets - ending</i>	<u>\$ 3,402,355</u>	<u>\$ 24,109,291</u>

The accompanying notes are an integral part of these financial statements

<u>Solid Waste</u>	<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 945,679	\$ 168,988	\$ 3,797,596	\$ 441,888
<u>945,679</u>	<u>168,988</u>	<u>3,797,596</u>	<u>441,888</u>
252,460	221,630	678,699	-
206,664	42,523	1,137,150	355,683
3,016	5,015	242,258	4,645
5,284	-	408,410	33,140
7,813	229,564	436,901	17,053
48,720	90,386	475,431	11,202
130,583	133,557	838,396	-
199,642	9,868	209,510	369
<u>854,182</u>	<u>732,543</u>	<u>4,426,755</u>	<u>422,092</u>
91,497	(563,555)	(629,159)	19,796
63,252	-	2,819,625	-
-	(390,498)	(390,498)	-
3,795	220	5,903	-
-	(61,050)	(308,915)	-
(94,985)	-	(113,690)	-
-	-	(416)	-
-	689,301	4,853,927	-
5,982	-	38,204	-
<u>(21,956)</u>	<u>237,973</u>	<u>6,904,140</u>	<u>-</u>
-	-	802,181	-
-	-	(642,901)	-
-	-	159,280	-
69,541	(325,582)	6,434,261	19,796
(923,192)	3,066,395	22,964,547	5,760
-	496	496	-
<u>(923,192)</u>	<u>3,066,891</u>	<u>22,965,043</u>	<u>5,760</u>
<u>\$ (853,651)</u>	<u>\$ 2,741,309</u>	<u>\$ 29,399,304</u>	<u>\$ 25,556</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds	
	Airport Enterprise Fund	Joint Utility Enterprise Fund
Cash Flows From Operating Activities:		
Cash received from customers	\$ 303,369	\$ 2,903,392
Cash paid to suppliers and employees	(310,905)	(2,391,219)
Net Cash (Used) by Operating Activities	<u>(7,536)</u>	<u>512,173</u>
Cash Flows From Non-Capital Financing Activities		
Operating transfers	105,521	59,094
Gross receipts tax		2,756,373
Grant income	654,434	3,510,192
Housing assistance payments	-	-
Interest expense	(12)	-
Miscellaneous income	-	26,471
Net Cash (Used) by Non-Capital Financing Activities	<u>759,943</u>	<u>6,352,130</u>
Cash Flows From Capital Financing Activities		
Purchase of capital assets	(799,639)	(6,496,227)
Principal paid on capital debt	-	(92,163)
Prior period adjustment	-	-
Interest paid on capital debt	-	(247,853)
Net Cash (Used) by Capital Financing Activities	<u>(799,639)</u>	<u>(6,836,243)</u>
Cash Flows From Investing Activities:		
Interest income	-	1,888
Net Cash (Used) by Investing Activities	<u>-</u>	<u>1,888</u>
Net (Decrease) in Cash and Cash Equivalents	(47,232)	29,948
Cash and Cash Equivalents, Beginning of Year	<u>47,232</u>	<u>2,546,467</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 2,576,415</u>

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

Enterprise Funds			
Soild Waste Enterprise Fund	Housing Authority Enterprise Fund	Total	Internal Service Fund
\$ 921,166	\$ 177,608	\$ 4,305,535	\$ 433,549
(726,185)	(592,296)	(4,020,605)	(437,815)
194,981	(414,688)	284,930	(4,266)
-	-	164,615	-
63,252	-	2,819,625	-
-	689,301	4,853,927	-
-	(390,498)	(390,498)	-
-	-	(12)	-
5,982	-	32,453	-
69,234	298,803	7,480,110	-
(238,293)	(5,536)	(7,539,695)	-
-	(10,419)	(102,582)	-
-	496	496	-
-	(61,050)	(308,903)	-
(238,293)	(76,509)	(7,950,684)	-
3,795	220	5,903	-
3,795	220	5,903	-
29,717	(192,174)	(179,741)	(4,266)
384,981	1,063,586	4,042,266	10,203
\$ 414,698	\$ 871,412	\$ 3,862,525	\$ 5,937

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds	
	Airport Enterprise Fund	Joint Utility Enterprise Fund
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:		
Operating income (loss)	\$ (272,335)	\$ 115,234
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	152,006	409,462
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(9,759)	(34,452)
Interfund balances	126,154	556,761
Inventory	-	11,282
Prepaid insurance	-	-
Bond issuance costs	-	416
Increase (decrease) in:		
Accounts payable	-	(573,942)
Accrued liabilities	(3,290)	(45,688)
Deferred revenue	-	-
Tenant security deposits	-	-
Accrued interest	-	71,296
Accrued compensated absences	(312)	1,804
	\$ (7,536)	\$ 512,173
Net Cash (Used) by Operating Activities	\$ (7,536)	\$ 512,173

Summary of Significant Noncash Activities:

The City had noncash activity in the Joint Utility and Solid Waste Enterprise funds in the amounts of \$18,705 and \$94,985, respectively. These amounts were relating to losses on asset disposal. This was the only noncash activity for the year ended June 30, 2012.

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

Enterprise Funds			
Soild Waste Enterprise Fund	Housing Authority Enterprise Fund	Total	Internal Service Fund
\$ 91,497	\$ (563,555)	(629,159)	19,796
130,583	133,557	825,608	-
(24,513)	8,631	(60,093)	(8,339)
-	-	682,915	-
-	-	11,282	-
-	19,233	19,233	(2,923)
-	-	416	-
5,011	(678)	(569,609)	(396)
(9,421)	(5,083)	(63,482)	(12,404)
-	(11)	(11)	-
-	767	767	-
-	(209)	71,087	-
1,824	(7,340)	(4,024)	-
<u>\$ 194,981</u>	<u>\$ (414,688)</u>	<u>\$ 284,930</u>	<u>\$ (4,266)</u>

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

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies

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

The City 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 City and its inhabitants;
7. Preserve peace and order within the City; and
8. Establish rates for services provided by the City utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

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

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the City is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another government entity, determine or modify its own budget, or set rates or charges, and issue bonded debt.

The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB no. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

in evaluating potential component units is the scope of the public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has no component units, as defined by GASB Statement No. 14 and / or GASB Statement No. 39. There are no other primary governments with which the City Commissioners are financially accountable.

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. Tucumcari Housing Authority is governed by the City's Board of Commissioners. The annual budget is also 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.

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 are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt 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.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the combining fund financial statements.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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 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.

The City follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statement, subject to the same limitation. The City has elected not to apply subsequent private-sector guidance.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 general fixed assets and the servicing of general long-term debt. The City's governmental funds include:

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 costs associated with the daily operation of the City except for items included in other funds.

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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).

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund).

The *Fire Districts Special Revenue Fund* is used to account for the operation and capital expenditures of the fire department with revenues received from the State Fire Marshal. Capital expenditures must be approved in advance by the State Fire Marshal. This fund was created under the authority provided by 59A-53-2 NMSA 1978.

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

The *Golf Course Capital Improvement Project Capital Project Fund* is used to account for improvement of the City's municipal golf course. Funding is primarily from rentals of golf cart sheds. Authority for this fund was granted from the City Council and budget approval.

The *Lodger's Tax / GRT Series 2002 Debt Service Fund* is used 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.

The City also reports the following major proprietary funds:

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

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

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

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

Low Rent Public Housing Program
Capital Fund Programs
Section 8 Housing Choice Voucher Program
USDA FmHA Rural Housing Program

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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:

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

Program revenues included in the Statement of Activities derive 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 to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (b) program-specific operating grants, which includes revenues received from federal and state sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues 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 and other items not properly included among programs revenues.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Principal operating revenues of the Solid Waste and Ambulance funds are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

Cash & Cash Equivalents: 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.

Investments: State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

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. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds 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, property taxes are recorded as revenue 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.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

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 proprietary financial statements.

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 per section 12-6-10 NMSA 1978. Such assets are recorded at historical cost or estimated 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. Information Technology Equipment including computer software is included as a capital asset and recorded with furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	5-50
Furniture & Fixtures	20
Infrastructure	10-65
Land Improvements	20
Machinery & Equipment	3-30
Vehicles	8-15

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2011, along with applicable PERA, FICA, Medicare, and Retiree Health Care contributions.

Deferred Revenues: The City recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. 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.

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 financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight line method if the difference from using the effective method is inconsequential. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period bonds are issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the City's fund balances is presented in Note 19.

Equity Classifications: In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. 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: Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$1,208,354 of restricted net assets.
- c. Unrestricted Net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 affecting the City's financial statements include management's estimate of the useful lives of capital assets.

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The City is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

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 in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2011 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 fund budgetary statement.

NOTE 3. Deposits & Investments

Cash & Cash Equivalents

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2009.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

The collateral pledged is listed on Schedule I of 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 (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, from December 31, 2010 through December 31, 2012, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) are fully guaranteed, regardless of dollar amount. Also included in this program are low-interest NOW accounts that cannot earn more than 0.5% interest. Some of the City's accounts with balances greater than \$250,000 are covered through the FDIC.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. Cash & Investments (continued)

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the City's deposits.

	<u>Citizen's Bank</u>	<u>Wells Fargo Bank</u>	<u>1st National Bank</u>	<u>New Mexico Bank & Trust</u>	<u>Everyone's Credit Union</u>	<u>Tucumcari Federal Savings & Loan</u>	<u>Total</u>
Total amounts of deposits*	\$ 1,620,848	\$ 4,132,338	\$ 695,930	\$ 64,485	\$ 59,574	\$ 61,649	\$ 6,634,824
FDIC Coverage	<u>(1,606,089)</u>	<u>(729,113)</u>	<u>(433,064)</u>	<u>(64,485)</u>	<u>(59,574)</u>	<u>(61,649)</u>	<u>(2,953,974)</u>
Total uninsured public funds	<u>\$ 14,759</u>	<u>\$ 3,403,225</u>	<u>\$ 262,866</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,680,850</u>
Pledge collateral held by pledging bank's trust department or agent in City's name	<u>500,000</u>	<u>2,250,788</u>	<u>300,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,050,788</u>
Uninsured and uncollateralized	<u>—</u>	<u>1,152,437</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,152,437</u>
Collateral requirement (50% of uninsured public funds)	7,290	1,701,613	131,433	—	—	—	1,840,336
Pledged collateral	<u>(500,000)</u>	<u>(2,250,788)</u>	<u>(300,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,050,788)</u>
Under (Over) collateralized	<u>\$ (492,710)</u>	<u>\$ (549,175)</u>	<u>\$ (168,567)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,210,452)</u>

* - Total amount of deposits per bank includes deposit accounts and certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2011, \$1,152,468 of \$6,634,824 was exposed to custodial credit risk because it was uninsured and the uncollateralized at June 30, 2012.

Investments

All investments are government securities whose fair market value approximates face value plus any accrued interest. The City had no investments that were highly sensitive to changes in interest rates. The City's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978)

As of June 30, 2012 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. Treasury Money					
Market Mutual Funds	<u>245,540</u>	<u>245,540</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>245,540</u>	<u>245,540</u>	<u>—</u>	<u>—</u>	<u>—</u>

Interest rate risk - Investments. The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. Currently the City's investments are held as reserve accounts for long term debt obligations.

Credit risk - Investments. The City's Investment Policy limits investments to those securities authorized by the laws of the State of New Mexico. As of June 30, 2012, the City's investments in U.S. Treasury Money Securities were rated AAA.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3. Cash & Investments (continued)

Concentration of Credit risk - *Investments*. For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has no policy which limit on the amount the City may invest in any one issuer, except to follow the applicable statute at Section 6-10-10 NMSA 1978 regarding allowable government investment. At June 30, 2012, the investments in the U.S. Treasury Money Market mutual Funds are 100% of the City's investment Portfolio.

NOTE 4. Receivables

Receivables as of June 30, 2012, are as follows:

	General Fund	Golf Course Capital Imp. Fund	Total Non-Major Funds	Total Governmental Funds	
Property Taxes	\$ 7,548	\$ —	\$ —	\$ 7,548	
Other Taxes	11,733	—	—	11,733	
Intergovernmental	53,910	—	18,592	72,502	
Miscellaneous	<u>30,185</u>	<u>2,625</u>	<u>349,025</u>	<u>381,835</u>	
Net Receivables	<u>\$ 103,376</u>	<u>\$ 2,625</u>	<u>\$ 367,617</u>	<u>\$ 473,618</u>	

	Airport Fund	Joint Utility Fund	Solid Waste Fund	Housing Authority Fund	Total Enterprise Funds
Intergovernmental	\$ —	\$ —	\$ —	\$ 7,438	\$ 7,438
Other	10,214	62,062	64,285	—	136,561
Customers, Gross Allowance	—	506,169	32,117	5,755	544,041
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(520)</u>	<u>(520)</u>
Net Receivables	<u>\$ 10,214</u>	<u>\$ 568,231</u>	<u>\$ 96,402</u>	<u>\$ 12,673</u>	<u>\$ 687,520</u>

In accordance with GASB #33, property tax receivables should be presented net of deferred revenues. The City is not able to present deferred revenue balances due to Quay County not being able to provide information needed.

NOTE 5. Interfund Receivables, Payables, and Transfers

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

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

Transfers from the General Fund to:	
Recreation Fund	\$ 202,083
EMS Fund	37,941
Airport Fund	88,935
Debt Service	43,608
Corrections Fund	39,218
Fire/Emergency Management Fund	24,174
1/8% Economic Development Tax Fund	<u>4,868</u>
Total transfers from the General Fund	<u>\$ 440,827</u>
Transfers from the 1/8% Economic Development Tax Fund to:	
Airport Fund	<u>\$ 11,250</u>
Total transfers from the 1/8% Economic Development Tax Fund	<u>\$ 11,250</u>

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Transfers from the Lodger's Tax Executive Fund to:	
Lodger's Tax Promotion Fund	\$ 242,772
Debt Service	159,054
Capital	19,095
NMRDRC Capital Projects Fund	<u>40,000</u>
Total transfers from the Lodger's Tax Executive Fund	<u>\$ 460,921</u>
Transfers from the Lodger's Tax Promotion Fund to:	
Convention Center Operations & Maintenance Fund	\$ 126,283
Total transfers from the Lodger's Tax Promotion Fund	<u>\$ 126,283</u>
Transfers from the Airport Fund to:	
Capital Fund	\$ 37,100
Total transfers from the Airport Fund	<u>\$ 37,100</u>
Transfers from the Joint Utility Fund to:	
Debt Service Fund	\$ 346,517
Joint Utility Fund Internal	179,297
Gas Tax Fund	24,987
CDBG Fund Fund	<u>55,000</u>
Total transfers from the Joint Utility Fund	<u>\$ 605,801</u>
Total Transfers	<u>\$ 1,682,182</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances of of June 30, 2012 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
Major Funds		
General Fund	\$ —	\$ 336,104
Airport Fund	<u>126,154</u>	<u>—</u>
Nonmajor Funds		
EMS Fund	<u>209,950</u>	<u>—</u>
Total	<u>\$ 336,104</u>	<u>\$ 336,104</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, 2012 follows.

Capital Assets used in Governmental Activities:	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not depreciated				
Land	\$ 2,237,228	\$ —	\$ —	\$ 2,237,228
Art	5,000	—	—	5,000
Construction in Progress	<u>1,964,208</u>	<u>2,263,124</u>	<u>—</u>	<u>4,227,332</u>
Total not being depreciated	<u>\$ 4,206,436</u>	<u>\$ 2,263,124</u>	<u>\$ —</u>	<u>\$ 6,469,560</u>

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6. Capital Assets (continued)

Capital assets being depreciated				
Buildings & Improvements	\$ 10,047,628	\$ 93,436	\$ —	\$ 10,141,064
Infrastructure	1,078,811	129,255	—	1,208,066
Machinery & equipment	1,699,671	127,711	(26,000)	1,801,382
Vehicles	<u>3,132,516</u>	<u>57,222</u>	<u>(590,443)</u>	<u>2,599,295</u>
Total being depreciated	\$ <u>15,958,626</u>	\$ <u>407,624</u>	\$ <u>(616,443)</u>	\$ <u>15,749,807</u>
Total capital assets	\$ <u>20,165,062</u>	\$ <u>2,670,748</u>	\$ <u>(616,443)</u>	\$ <u>22,219,367</u>
Less accumulated depreciation				
Buildings & Improvements	\$ (6,652,258)	\$ (262,537)	\$ —	\$ (6,914,795)
Infrastructure	(55,043)	(186,798)	—	(241,841)
Machinery & equipment	(1,186,689)	(122,410)	26,000	(1,283,099)
Vehicles	<u>(2,398,097)</u>	<u>(292,355)</u>	<u>581,589</u>	<u>(2,108,863)</u>
Total accumulated depreciation	\$ <u>(10,292,087)</u>	\$ <u>(864,100)</u>	\$ <u>607,589</u>	\$ <u>(10,548,598)</u>
Net capital assets	\$ <u>9,872,975</u>	\$ <u>1,806,648</u>	\$ <u>(8,854)</u>	\$ <u>11,670,769</u>

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General Government	\$ 199,873
Public Safety	349,865
Public Works	52,852
Culture and Recreation	<u>261,510</u>
Total	\$ <u>864,100</u>

Capital Assets used in Business-Type Activities:	Balance			Balance June 30, 2012
	June 30, 2011	Additions	Deletions	
Capital assets not depreciated				
Land	\$ 1,530,619	\$ —	\$ —	\$ 1,530,619
Construction in Progress	<u>8,922,013</u>	<u>7,200,848</u>	<u>—</u>	<u>16,122,861</u>
Total not being depreciated	\$ <u>10,452,632</u>	\$ <u>7,200,848</u>	\$ <u>—</u>	\$ <u>17,653,480</u>
Capital assets being depreciated				
Buildings & Improvements	\$ 21,979,856	\$ 116,843	\$ (10,300)	\$ 22,086,399
Infrastructure	9,481,937	226,293	—	9,708,230
Machinery & equipment	5,839,635	8,500	(365,150)	5,482,985
Vehicles	<u>1,192,778</u>	<u>—</u>	<u>(239,561)</u>	<u>953,217</u>
Total being depreciated	\$ <u>38,463,743</u>	\$ <u>351,636</u>	\$ <u>(615,011)</u>	\$ <u>38,230,831</u>
Total capital assets	\$ <u>48,916,375</u>	\$ <u>7,552,484</u>	\$ <u>(615,011)</u>	\$ <u>55,884,311</u>
Less accumulated depreciation				
Buildings & Improvements	\$ (14,192,349)	\$ (381,247)	\$ 7,210	\$ (14,566,386)
Infrastructure	(923,071)	(135,160)	—	(1,058,231)
Machinery & Equipment	(3,970,685)	(156,785)	335,077	(3,818,393)
Vehicles	<u>(1,012,799)</u>	<u>(169,461)</u>	<u>185,034</u>	<u>(997,226)</u>
Total accumulated depreciation	\$ <u>(20,103,162)</u>	\$ <u>(842,653)</u>	\$ <u>501,321</u>	\$ <u>(20,440,236)</u>
Net capital assets	\$ <u>28,813,213</u>	\$ <u>6,709,831</u>	\$ <u>(113,690)</u>	\$ <u>35,444,236</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2012 was \$842,653.

STATE OF NEW MEXICO
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NOTE 7. Long-term Debt

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities	Balance			Balance	
	June 30, 2011	Additions	Deletions	June 30, 2012	Due Within One Year
Bonds payable	\$ 1,350,000	\$ 1,370,000	\$ 1,475,000	\$ 1,245,000	\$ 130,000
Notes payable	1,001,732	—	84,021	917,711	85,154
Compensated Absences	<u>132,093</u>	<u>101,357</u>	<u>122,210</u>	<u>111,240</u>	<u>27,810</u>
Total Long-Term Debt	<u>\$ 2,483,825</u>	<u>\$ 1,471,357</u>	<u>\$ 1,681,231</u>	<u>\$ 2,273,951</u>	<u>\$ 242,964</u>

Interest expense paid on long-term debt for governmental activities totaled \$92,886 for the year ended June 30, 2012.

Bonds

At June 30, 2012, the City had the following bonds outstanding:

Municipal Gross Receipts/Lodger's Tax Refunding Bonds - Series 2011:

\$1,370,000 serial bonds, due in annual installments through June 1, 2021, bearing interest from 4.25% to 4.75%. The balance is term bonds in the amount of \$1,245,000. 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 issued refunded the 2002 Bond Series. The net present value of savings generated by the refunding is \$121,213.

The annual requirements to amortize the Bonds as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	130,000	25,322	155,322
2014	131,000	24,399	155,399
2015	133,000	23,011	156,011
2016	134,000	21,135	155,135
2017	137,000	18,857	155,857
2018-2022	<u>580,000</u>	<u>42,692</u>	<u>622,692</u>
Total	<u>\$ 1,245,000</u>	<u>\$ 155,417</u>	<u>\$ 1,400,417</u>

Notes Payable

The City entered into several loan agreements with the New Mexico Finance Authority as follows:

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 \$19,830.

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7. Long-term Debt (continued)

Notes Payable (continued)

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 \$57,004.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	84,154	24,253	108,407
2014	86,436	23,061	109,497
2015	87,864	21,723	109,587
2016	36,944	20,137	57,081
2017	38,106	19,163	57,269
2018-2022	205,478	82,151	287,141
2023-2027	221,851	52,824	274,675
2028-2032	155,878	16,042	171,920
Total	<u>\$ 917,711</u>	<u>\$ 259,353</u>	<u>\$ 1,177,064</u>

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, 2012:

Business-Type Activities	Balance			Balance		Due Within One Year
	June 30, 2011	Additions	Deletions	June 30, 2012		
Bonds Payable	\$ 4,806,444	\$ —	\$ 61,157	\$ 4,745,287	\$ 64,290	
Notes Payable	1,421,809	—	41,425	1,380,384	62,737	
Landfill Closure & Post Closure	4,234,793	—	—	4,234,793	—	
Compensated Absences	<u>45,507</u>	<u>42,064</u>	<u>34,225</u>	<u>53,346</u>	<u>4,524</u>	
Total Long-Term Debt	<u>\$ 10,508,553</u>	<u>\$ 42,064</u>	<u>\$ 136,807</u>	<u>\$ 10,413,810</u>	<u>\$ 131,551</u>	

Interest expense paid on long-term debt for business-type activities totaled \$308,915 for the year ended June 30, 2012.

Bonds

At June 30, 2012, the City had the following bonds outstanding:

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.

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7. Long-term Debt (continued)

Bonds (continued)

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.

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.

USDA/RUS Joint Utility System Revenue Bonds – Series 2009

During the year ended June 30, 2012, 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 began in the current year and is payable through March 24,2050.

The annual requirements to amortize the Bonds as of June 30, 2012, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	64,290	170,025	234,315
2014	66,250	167,701	233,951
2015	69,250	165,406	234,656
2016	71,280	163,090	234,370
2017	74,390	160,394	234,784
2018-2022	411,070	760,799	1,171,869
2023-2027	489,890	681,744	1,171,634
2028-2032	585,320	586,867	1,172,187
2033-2037	699,740	472,170	1,171,910
2038-2042	838,310	400,628	1,238,938
2043-2047	979,570	168,172	1,147,742
2048-2052	395,927	21,563	417,490
Total	<u>\$ 4,745,287</u>	<u>\$ 3,918,536</u>	<u>\$ 8,663,823</u>

Notes Payable

The City entered into several loan agreements with the New Mexico Finance Authority as follows:

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.

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7. Long-term Debt (continued)

Notes Payable (continued)

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%.

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.

Clean Water State Revolving Fund Loan # ARRA CWSRF 16

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 on September 23, 2011

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, 2011, 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.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	62,737	63,185	125,922
2014	64,151	61,882	126,033
2015	65,667	60,477	126,144
2016	67,438	58,821	126,259
2017	69,119	57,254	126,373
2018-2022	342,092	257,201	599,293
2023-2027	292,995	195,515	488,510
2028-2032	310,573	106,269	416,842
2033-2037	105,613	7,868	113,481
Total	<u>\$ 1,380,384</u>	<u>\$ 868,472</u>	<u>\$ 2,248,856</u>

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 principles 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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7. Long-term Debt (continued)

Landfill Closure and Post-Closure Care Costs (continued)

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, 2012 for closure and post-closure cost of the landfill currently in operation. At June 30, 2011, it was estimated that the City had utilized 99% of the landfill's total usable capacity. The City opened its new landfill during the year ended June 30, 2012. The closure and post-closure costs of the new landfill are estimated to be \$2,866,600. The total closure and post-closure costs for both landfills are estimated to be \$4,234,793.

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The City participates in the New Mexico Self-Insurer's 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 be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurer's Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage is expected to be continued.

At June 30, 2012, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against City of Tucumcari.

New Mexico Self-Insurer's 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 prior fiscal year.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds:

There following funds maintained a deficit fund balance as of June 30, 2012:

Major Funds	
Golf Course Capital Improvements Fund	\$ 31,559
Total Major Funds	\$ 31,559
 Nonmajor Funds	
EMS Special Revenue Fund	\$ 2,262
Corrections Fund	2,673
Total Nonmajor Funds	\$ 4,935

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, 2012

NOTE 9. 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, 2012:

Nonmajor Funds		
Corrections Fund	\$	35
Total Nonmajor Funds	\$	<u>35</u>

C. Designated cash appropriations exceeded prior year available balances:

There were no funds which exceeded designated cash appropriations for the year ended June 30, 2012.

NOTE 10. PERA Pension Plan

Plan Description. Substantially all of City of Tucumcari’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 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 is required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection employees and 9.15% for municipal employees. The contribution requirements of plan members and City of Tucumcari are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City’s contributions to PERA for years ending June 30, 2012, 2011 and 2010 were \$324,989, \$329,178, and \$342,953, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (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]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.292% of each participating employee’s annual salary, and each participating employee was required to contribute 1.146% of their annual salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
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.

City of Tucumcari’s contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$58,069, \$53,178 and \$40,622, respectively, which equal the required contributions for each year.

NOTE 12. Commitments

The City had various construction and purchase commitments totaling approximately \$170,000 in the governmental funds for the Mainstreet project as of June 30, 2012. The funding to cover the various commitments was both city expenditures and grants.

NOTE 13. Contingent Liabilities

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 17 Subsequent Accounting Standard Pronouncements

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is

applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 18 **Prior Period Adjustments – Housing Authority**

During the year ended June 30, 2012 the Housing Authority adjusted \$3,084 of prior year expenditures in the Low-Rent Public Housing fund and voided \$3,580 in prior year checks in the Section 8 fund. Per HUD regulations these were classified as prior period adjustments of (\$3,084) and \$3,580 in each fund, respectively. The net effect of these prior period adjustments is \$496 as noted in Exhibit A-2.

NOTE 19 **Governmental Fund Balance**

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

STATE OF NEW MEXICO
CITY OF TUCUMCARI
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 18. Fund Balance (continued)

	General Fund	Fire Districts Fund	1/8% Economic Development Tax Fund	Golf Course Capital Improvements	Lodger's Tax/ GRT Series 2002 Fund	Other Governmental Funds
Fund balances						
Nonspendable						
Prepaid Items	\$ -	\$ -	\$ 52,273	\$ -	\$ -	\$ 15,889
Restricted						
Capital Projects	-	-	442,902	-	-	133,442
Debt Service	-	-	-	-	181,076	55,339
Fire Departments	-	625,597	-	-	-	1,016
Roadways	-	-	-	-	-	19,020
Law Enforcement	-	-	-	-	-	31,936
Recreation	-	-	-	-	-	48,985
Emergency Services	-	-	-	-	-	1,260
Convention Center	-	-	-	-	-	43,279
Promotion	-	-	-	-	-	293,131
Education	-	-	-	-	-	1,057
Senior Citizens	-	-	-	-	-	63,692
Committed	400,000	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	822,305	-	(7,406)	(24,153)	-	(5,903)
<i>Total fund balances</i>	<u>\$ 1,222,305</u>	<u>\$ 625,597</u>	<u>\$ 487,769</u>	<u>(24,153)</u>	<u>181,076</u>	<u>\$ 702,143</u>

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Assets				
<i>Current:</i>				
Cash and cash equivalents	\$ 400,534	\$ 132,892	\$ 55,339	\$ 588,765
Short term investments	-	-	-	-
Accounts receivable				
Property taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	18,592	-	-	18,592
Miscellaneous	349,025	-	-	349,025
Interfund receivable	-	-	-	-
Prepaid expenses	15,889	-	-	15,889
<i>Total assets</i>	<u>\$ 784,040</u>	<u>\$ 132,892</u>	<u>\$ 55,339</u>	<u>\$ 972,271</u>
Liabilities and fund balances				
<i>Liabilities</i>				
Accounts payable	\$ 43,315	\$ -	\$ -	\$ 43,315
Accrued payroll liabilities	13,757	-	-	13,757
Customer deposits payable	3,106	-	-	3,106
Other accrued liabilities	-	-	-	-
Interfund payable	209,950	-	-	209,950
<i>Total liabilities</i>	<u>270,128</u>	<u>-</u>	<u>-</u>	<u>270,128</u>
Fund balances				
Nonspendable	15,889	-	-	15,889
Restricted	440,234	132,892	55,339	628,465
Committed	63,692	-	-	63,692
Assigned	-	-	-	-
Unassigned	(5,903)	-	-	(5,903)
<i>Total fund balances</i>	<u>513,912</u>	<u>132,892</u>	<u>55,339</u>	<u>702,143</u>
<i>Total liabilities and fund balances</i>	<u>\$ 784,040</u>	<u>\$ 132,892</u>	<u>\$ 55,339</u>	<u>\$ 972,271</u>

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

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STATE OF NEW MEXICO

Statement A-2

CITY OF TUCUMCARI

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Other taxes	722,937	-	-	722,937
State and local sources	910,780	558,973	-	1,469,753
Federal sources	113,358	-	-	113,358
Licenses and fees	664,115	-	-	664,115
Charges for services	16,456	-	-	16,456
Investment income	30	-	-	30
Miscellaneous	106,405	-	-	106,405
<i>Total revenues</i>	<u>2,534,081</u>	<u>558,973</u>	<u>-</u>	<u>3,093,054</u>
<i>Expenditures:</i>				
Current				
General Government	92,409	-	1,404	93,813
Public safety	1,122,705	-	-	1,122,705
Culture and recreation	409,206	-	-	409,206
Health and welfare	483,553	-	-	483,553
Education	-	-	-	-
Public works	290,893	-	-	290,893
Capital outlay	63,911	567,096	-	631,007
Debt service				
Principal	-	-	20,955	20,955
Interest	-	-	21,249	21,249
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>2,462,677</u>	<u>567,096</u>	<u>43,608</u>	<u>3,073,381</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>71,404</u>	<u>(8,123)</u>	<u>(43,608)</u>	<u>19,673</u>
<i>Other financing sources (uses):</i>				
Proceeds of bond/note issuance	-	-	-	-
Operating transfers in	672,471	40,000	43,608	756,079
Operating transfers (out)	(587,204)	-	-	(587,204)
<i>Total other financing sources (uses)</i>	<u>85,267</u>	<u>40,000</u>	<u>43,608</u>	<u>168,875</u>
<i>Net change in fund balances</i>	156,671	31,877	-	188,548
<i>Fund balances - beginning of year</i>	<u>357,241</u>	<u>101,015</u>	<u>55,339</u>	<u>513,595</u>
<i>Fund balances - end of year</i>	<u>\$ 513,912</u>	<u>\$ 132,892</u>	<u>\$ 55,339</u>	<u>\$ 702,143</u>

The accompanying notes are an integral part of these financial statements

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NONMAJOR SPECIAL REVENUE FUNDS

NONMAJOR 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. This fund is authorized by 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. This fund is authorized by NMSA 3-38-15.

Fire/Emergency Management Fund

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

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. This fund is authorized by NMSA 1978 24-10A-1.

Gasoline 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.

Corrections Fund

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

Recreation Fund

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. This fund is authorized by 7-12-15 NMSA 1978.

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. This fund is authorized by 29-13-3 through 29-13-9 Chapter 289 Laws of 1983.

E-911 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. This fund is authorized by 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. This fund is authorized by NMSA 3-38-15.

NONMAJOR SPECIAL REVENUE FUNDS

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.

Police Narcotics Fund

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

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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	Fire/Emergency Management Fund
ASSETS			
<i>Current:</i>			
Cash and cash equivalents	\$ 112,672	\$ 51,009	\$ 916
Short term investments	-	-	-
Accounts receivable			
Other taxes	-	-	-
Intergovernmental	-	-	-
Other receivables	130,427	-	889
Interfund balances	-	-	-
Prepaid expenses	-	-	-
	<u>\$ 243,099</u>	<u>\$ 51,009</u>	<u>\$ 1,805</u>
<i>Total current assets</i>	<u>\$ 243,099</u>	<u>\$ 51,009</u>	<u>\$ 1,805</u>
 LIABILITIES AND FUND BALANCE			
<i>Current Liabilities:</i>			
Accounts payable	\$ 977	\$ -	\$ -
Accrued payroll liabilities	-	-	789
Customer deposits payable	-	-	-
Other accrued liabilities	-	-	-
Interfund balances	-	-	-
Deferred revenue	-	-	-
Deferred revenue - property taxes	-	-	-
	<u>977</u>	<u>-</u>	<u>789</u>
<i>Total current liabilities</i>	<u>977</u>	<u>-</u>	<u>789</u>
 <i>Fund balance:</i>			
Nonspendable	-	-	-
Restricted	242,122	51,009	1,016
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>242,122</u>	<u>51,009</u>	<u>1,016</u>
<i>Total fund balance</i>	<u>242,122</u>	<u>51,009</u>	<u>1,016</u>
 <i>Total liabilities and fund balance</i>	<u>\$ 243,099</u>	<u>\$ 51,009</u>	<u>\$ 1,805</u>

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

EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Law Enforcement Grant Fund
\$ -	\$ 1,827	\$ 35,073	\$ 29,539	\$ 550
-	-	19,719	-	-
-	-	-	-	-
6,179	-	-	-	-
215,784	-	-	-	-
-	-	-	-	-
968	-	6,444	-	-
<u>\$ 222,931</u>	<u>\$ 1,827</u>	<u>\$ 61,236</u>	<u>\$ 29,539</u>	<u>\$ 550</u>
\$ 10,599	\$ 4,500	\$ 3,120	\$ 8,834	\$ -
4,644	-	2,687	1,685	-
-	-	-	-	-
-	-	-	-	-
209,950	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>225,193</u>	<u>4,500</u>	<u>5,807</u>	<u>10,519</u>	<u>-</u>
968	-	6,444	-	-
-	-	48,985	19,020	550
-	-	-	-	-
-	-	-	-	-
(3,230)	(2,673)	-	-	-
<u>(2,262)</u>	<u>(2,673)</u>	<u>55,429</u>	<u>19,020</u>	<u>550</u>
<u>\$ 222,931</u>	<u>\$ 1,827</u>	<u>\$ 61,236</u>	<u>\$ 29,539</u>	<u>\$ 550</u>

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	E-911 Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund
ASSETS			
<i>Current:</i>			
Cash and cash equivalents	\$ 1,260	\$ 1,153	\$ 48,458
Short term investments	-	-	-
Accounts receivable			
Other taxes	-	-	-
Intergovernmental	-	-	-
Other receivables	-	-	1,925
Due from other funds	-	-	-
Prepaid expenses	-	-	6,506
	<u>\$ 1,260</u>	<u>\$ 1,153</u>	<u>\$ 56,889</u>
<i>Total current assets</i>	<u>\$ 1,260</u>	<u>\$ 1,153</u>	<u>\$ 56,889</u>
 LIABILITIES AND FUND BALANCE			
<i>Current Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ 2,974
Accrued payroll liabilities	-	-	1,024
Customer deposits payable	-	-	3,106
Other accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Deferred revenue - property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>7,104</u>
 <i>Fund balance:</i>			
Nonspendable	-	-	6,506
Restricted	1,260	1,153	43,279
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u>1,260</u>	<u>1,153</u>	<u>49,785</u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,260</u>	<u>\$ 1,153</u>	<u>\$ 56,889</u>

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

John D. Hoffman Fund	Police Narcotics Fund	Senior Citizen's Center Fund	Total
\$ 1,057	\$ 30,783	\$ 66,518	\$ 380,815
-	-	-	19,719
-	-	-	-
-	-	12,413	18,592
-	-	-	349,025
-	-	-	-
-	-	1,971	15,889
<u>\$ 1,057</u>	<u>\$ 30,783</u>	<u>\$ 80,902</u>	<u>\$ 784,040</u>
\$ -	\$ -	\$ 12,311	\$ 43,315
-	-	2,928	13,757
-	-	-	3,106
-	-	-	-
-	-	-	209,950
-	-	-	-
-	-	-	-
-	-	15,239	270,128
-	-	1,971	15,889
1,057	30,783	63,692	503,926
-	-	-	-
-	-	-	-
-	-	-	(5,903)
<u>1,057</u>	<u>30,783</u>	<u>65,663</u>	<u>513,912</u>
<u>\$ 1,057</u>	<u>\$ 30,783</u>	<u>\$ 80,902</u>	<u>\$ 784,040</u>

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	Fire/Emergency Management Fund
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-
Other taxes	459,731	-	-
State grants	-	-	-
Federal grants	-	-	19,811
Licenses and fees	95,296	-	-
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	12,334
<i>Total revenues</i>	<u>555,027</u>	<u>-</u>	<u>32,145</u>
<i>Expenditures:</i>			
Current			
General Government	20,649	71,760	-
Public safety	-	-	57,852
Culture and recreation	-	-	-
Health and welfare	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>20,649</u>	<u>71,760</u>	<u>57,852</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>534,378</u>	<u>(71,760)</u>	<u>(25,707)</u>
<i>Other financing sources (uses):</i>			
Proceeds from note payable	-	-	-
Operating transfers in	-	242,772	24,174
Operating transfers (out)	(460,921)	(126,283)	-
<i>Total other financing sources (uses)</i>	<u>(460,921)</u>	<u>116,489</u>	<u>24,174</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	73,457	44,729	(1,533)
<i>Fund balances - beginning of year</i>	<u>168,665</u>	<u>6,280</u>	<u>2,549</u>
<i>Fund balances - end of year</i>	<u>\$ 242,122</u>	<u>\$ 51,009</u>	<u>\$ 1,016</u>

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

EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Law Enforcement Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	6	263,200	-
20,277	-	-	-	29,000
-	-	-	-	-
494,563	14,782	19,975	-	-
-	-	-	-	-
-	-	-	-	-
841	-	7,005	-	-
<u>515,681</u>	<u>14,782</u>	<u>26,986</u>	<u>263,200</u>	<u>29,000</u>
-	-	-	-	-
516,750	58,535	-	-	454
-	-	214,306	-	-
-	-	-	-	-
-	-	-	290,893	-
18,000	-	-	-	27,996
-	-	-	-	-
-	-	-	-	-
<u>534,750</u>	<u>58,535</u>	<u>214,306</u>	<u>290,893</u>	<u>28,450</u>
<u>(19,069)</u>	<u>(43,753)</u>	<u>(187,320)</u>	<u>(27,693)</u>	<u>550</u>
-	-	-	-	-
37,941	39,218	202,083	-	-
-	-	-	-	-
<u>37,941</u>	<u>39,218</u>	<u>202,083</u>	<u>-</u>	<u>-</u>
18,872	(4,535)	14,763	(27,693)	550
<u>(21,134)</u>	<u>1,862</u>	<u>40,666</u>	<u>46,713</u>	<u>-</u>
<u>\$ (2,262)</u>	<u>\$ (2,673)</u>	<u>\$ 55,429</u>	<u>\$ 19,020</u>	<u>\$ 550</u>

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	E-911 Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-
Other taxes	-	-	-
State grants	475,187	-	-
Federal grants	-	-	-
Licenses and fees	-	-	39,499
Charges for services	-	-	16,456
Investment income	-	-	-
Miscellaneous	-	-	22,526
<i>Total revenues</i>	<u>475,187</u>	<u>-</u>	<u>78,481</u>
<i>Expenditures:</i>			
Current			
General Government	-	-	-
Public safety	475,187	-	-
Culture and recreation	-	-	194,900
Health and welfare	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>475,187</u>	<u>-</u>	<u>194,900</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(116,419)</u>
<i>Other financing sources (uses):</i>			
Proceeds from note payable	-	-	-
Operating transfers in (out)	-	-	126,283
Operating transfers in (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>126,283</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,864</u>
<i>Fund balances - beginning of year</i>	<u>1,260</u>	<u>1,153</u>	<u>39,921</u>
<i>Fund balances - end of year</i>	<u>\$ 1,260</u>	<u>\$ 1,153</u>	<u>\$ 49,785</u>

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

John D. Hoffman Fund	Police Narcotics Fund	Senior Citizens Fund	Total
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	722,937
-	-	386,316	910,780
-	-	93,547	113,358
-	-	-	664,115
-	-	-	16,456
-	30	-	30
-	1,050	62,649	106,405
-	1,080	542,512	2,534,081
-	-	-	92,409
-	13,927	-	1,122,705
-	-	-	409,206
-	-	483,553	483,553
-	-	-	290,893
-	-	17,915	63,911
-	-	-	-
-	-	-	-
-	13,927	501,468	2,462,677
-	(12,847)	41,044	71,404
-	-	-	-
-	-	-	672,471
-	-	-	(587,204)
-	-	-	85,267
-	(12,847)	41,044	156,671
1,057	43,630	24,619	357,241
\$ 1,057	\$ 30,783	\$ 65,663	\$ 513,912

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

STATE OF NEW MEXICO

Statement B-3

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 473,041	\$ 473,041	\$ 485,544	\$ 12,503
Intergovernmental	-	-	-	-
Licenses and fees	30,890	30,890	30,490	(400)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>503,931</u>	<u>503,931</u>	<u>516,034</u>	<u>12,103</u>
<i>Expenditures:</i>				
Current				
General Government	20,836	20,836	19,672	1,164
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>20,836</u>	<u>20,836</u>	<u>19,672</u>	<u>1,164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>483,095</u>	<u>483,095</u>	<u>496,362</u>	<u>13,267</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(460,921)	(460,921)	(460,921)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(22,174)	(22,174)	-	22,174
<i>Total other financing sources (uses)</i>	<u>(483,095)</u>	<u>(483,095)</u>	<u>(460,921)</u>	<u>22,174</u>
<i>Net change in fund balances</i>	-	-	35,441	35,441
<i>Fund balances - beginning of year</i>	-	-	77,231	77,231
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,672</u>	<u>\$ 112,672</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			38,993	
Expenditure accruals			(977)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 73,457</u>	

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

STATE OF NEW MEXICO

Statement B-4

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	71,760	71,760	71,760	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>71,760</u>	<u>71,760</u>	<u>71,760</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(71,760)</u>	<u>(71,760)</u>	<u>(71,760)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	242,772	242,772	242,772	-
Operating transfers (out)	(126,283)	(126,283)	(126,283)	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(44,729)	(44,729)	-	44,729
<i>Total other financing sources (uses)</i>	<u>71,760</u>	<u>71,760</u>	<u>116,489</u>	<u>44,729</u>
<i>Net change in fund balances</i>	-	-	44,729	44,729
<i>Fund balances - beginning of year</i>	-	-	6,280	6,280
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,009</u>	<u>\$ 51,009</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 44,729</u>	

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

STATE OF NEW MEXICO

Statement B-5

CITY OF TUCUMCARI

FIRE/EMERGENCY MANAGEMENT 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, 2421

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	19,811	19,811	19,811	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	11,445	11,445	11,445	-
<i>Total revenues</i>	<u>31,256</u>	<u>31,256</u>	<u>31,256</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	59,771	59,771	59,770	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>59,771</u>	<u>59,771</u>	<u>59,770</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,515)</u>	<u>(28,515)</u>	<u>(28,514)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	24,174	24,174	24,174	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	4,341	4,341	-	(4,341)
<i>Total other financing sources (uses)</i>	<u>28,515</u>	<u>28,515</u>	<u>24,174</u>	<u>(4,341)</u>
<i>Net change in fund balances</i>	-	-	(4,340)	(4,340)
<i>Fund balances - beginning of year</i>	-	-	5,256	5,256
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916</u>	<u>\$ 916</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			889	
Expenditure accruals			1,918	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,533)</u>	

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

STATE OF NEW MEXICO

Statement B-6

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	20,277	20,277	20,277	-
Licenses and fees	482,367	482,367	304,571	(177,796)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	841	841	841	-
<i>Total revenues</i>	<u>503,485</u>	<u>503,485</u>	<u>325,689</u>	<u>(177,796)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	523,426	523,426	523,426	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	18,000	18,000	18,000	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>541,426</u>	<u>541,426</u>	<u>541,426</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(37,941)</u>	<u>(37,941)</u>	<u>(215,737)</u>	<u>(177,796)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	37,941	37,941	37,941	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>37,941</u>	<u>37,941</u>	<u>37,941</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(177,796)	(177,796)
<i>Fund balances - beginning of year</i>	-	-	(32,154)	(32,154)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (209,950)</u>	<u>\$ (209,950)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			189,992	
Expenditure accruals			<u>6,676</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 18,872</u>	

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

STATE OF NEW MEXICO

Statement B-7

CITY OF TUCUMCARI

CORRECTION 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	14,782	14,782	14,782	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,782</u>	<u>14,782</u>	<u>14,782</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	54,000	54,000	54,035	(35)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>54,000</u>	<u>54,000</u>	<u>54,035</u>	<u>(35)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(39,218)</u>	<u>(39,218)</u>	<u>(39,253)</u>	<u>(35)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	39,218	39,218	39,218	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>39,218</u>	<u>39,218</u>	<u>39,218</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(35)	(35)
<i>Fund balances - beginning of year</i>	-	-	1,862	1,862
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,827</u>	<u>\$ 1,827</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(4,500)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (4,535)</u>	

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

STATE OF NEW MEXICO

Statement B-8

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 6	\$ 6	\$ 6	\$ -
Intergovernmental	0	-	0	-
Licenses and fees	19,975	19,975	19,975	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	4,005	4,005	7,005	3,000
<i>Total revenues</i>	<u>23,986</u>	<u>23,986</u>	<u>26,986</u>	<u>3,000</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	235,558	235,558	229,070	6,488
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>235,558</u>	<u>235,558</u>	<u>229,070</u>	<u>6,488</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(211,572)</u>	<u>(211,572)</u>	<u>(202,084)</u>	<u>9,488</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	202,083	202,083	202,083	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	9,489	9,489	-	(9,489)
<i>Total other financing sources (uses)</i>	<u>211,572</u>	<u>211,572</u>	<u>202,083</u>	<u>(9,489)</u>
<i>Net change in fund balances</i>	-	-	(1)	(1)
<i>Fund balances - beginning of year</i>	-	-	54,793	54,793
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,792</u>	<u>\$ 54,792</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			14,764	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 14,763</u>	

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

STATE OF NEW MEXICO

Statement B-9

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 263,201	\$ 263,201	\$ 263,200	\$ (1)
Intergovernmental	0	-	0	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	128,332	128,332
<i>Total revenues</i>	<u>263,201</u>	<u>263,201</u>	<u>391,532</u>	<u>128,331</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	308,295	308,295	288,656	19,639
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>308,295</u>	<u>308,295</u>	<u>288,656</u>	<u>19,639</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(45,094)</u>	<u>(45,094)</u>	<u>102,876</u>	<u>147,970</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	45,094	45,094	-	(45,094)
<i>Total other financing sources (uses)</i>	<u>45,094</u>	<u>45,094</u>	<u>-</u>	<u>(45,094)</u>
<i>Net change in fund balances</i>	-	-	102,876	102,876
<i>Fund balances - beginning of year</i>	-	-	(73,337)	(73,337)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,539</u>	<u>\$ 29,539</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(128,332)	
Expenditure accruals			(2,237)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (27,693)</u>	

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

STATE OF NEW MEXICO

Statement B-10

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	29,000	29,000	29,000	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	454	454	454	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	27,996	27,996	27,996	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>28,450</u>	<u>28,450</u>	<u>28,450</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>550</u>	<u>550</u>	<u>550</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(550)	(550)	-	550
<i>Total other financing sources (uses)</i>	<u>(550)</u>	<u>(550)</u>	<u>-</u>	<u>550</u>
<i>Net change in fund balances</i>	-	-	550	550
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 550</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 550</u>	

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

STATE OF NEW MEXICO

Statement B-11

CITY OF TUCUMCARI

E-911 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	475,187	475,187	475,187	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>475,187</u>	<u>475,187</u>	<u>475,187</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	475,187	475,187	475,187	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>475,187</u>	<u>475,187</u>	<u>475,187</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>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	1,260	1,260
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,260</u>	<u>\$ 1,260</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	25	25	-	(25)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25</u>	<u>25</u>	<u>-</u>	<u>(25)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	25	25	-	25
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	1,153	1,153
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153</u>	<u>\$ 1,153</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO

Statement B-13

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	36,724	36,724	38,484	1,760
Charges for services	12,000	12,000	16,726	4,726
Investment income	-	-	-	-
Miscellaneous	22,072	22,072	22,476	404
<i>Total revenues</i>	<u>70,796</u>	<u>70,796</u>	<u>77,686</u>	<u>6,890</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	250,413	250,413	203,113	47,300
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>250,413</u>	<u>250,413</u>	<u>203,113</u>	<u>47,300</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(179,617)</u>	<u>(179,617)</u>	<u>(125,427)</u>	<u>54,190</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	126,283	126,283	126,283	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	53,334	53,334	-	(53,334)
<i>Total other financing sources (uses)</i>	<u>179,617</u>	<u>179,617</u>	<u>126,283</u>	<u>(53,334)</u>
<i>Net change in fund balances</i>	-	-	856	856
<i>Fund balances - beginning of year</i>	-	-	47,602	47,602
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,458</u>	<u>\$ 48,458</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			795	
Expenditure accruals			8,213	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 9,864</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 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	1	1	-	(1)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(1)	(1)	-	1
<i>Total other financing sources (uses)</i>	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	1,057	1,057
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 1,057</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	27	27	30	3
Miscellaneous	800	800	1,050	250
<i>Total revenues</i>	<u>827</u>	<u>827</u>	<u>1,080</u>	<u>253</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	13,928	13,928	13,927	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>13,928</u>	<u>13,928</u>	<u>13,927</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,101)</u>	<u>(13,101)</u>	<u>(12,847)</u>	<u>254</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	13,101	13,101	-	(13,101)
<i>Total other financing sources (uses)</i>	<u>13,101</u>	<u>13,101</u>	<u>-</u>	<u>(13,101)</u>
<i>Net change in fund balances</i>	-	-	(12,847)	(12,847)
<i>Fund balances - beginning of year</i>	-	-	43,630	43,630
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,783</u>	<u>\$ 30,783</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (12,847)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	448,881	448,881	467,450	18,569
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	61,558	61,558	62,649	1,091
<i>Total revenues</i>	<u>510,439</u>	<u>510,439</u>	<u>530,099</u>	<u>19,660</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	481,266	481,266	481,266	-
Public works	-	-	-	-
Capital outlay	17,915	17,915	17,915	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>499,181</u>	<u>499,181</u>	<u>499,181</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>11,258</u>	<u>11,258</u>	<u>30,918</u>	<u>19,660</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(11,258)	(11,258)	-	11,258
<i>Total other financing sources (uses)</i>	<u>(11,258)</u>	<u>(11,258)</u>	<u>-</u>	<u>11,258</u>
<i>Net change in fund balances</i>	-	-	30,918	30,918
<i>Fund balances - beginning of year</i>	-	-	35,600	35,600
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,518</u>	<u>\$ 66,518</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			12,413	
Expenditure accruals			(2,287)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 41,044</u>	

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

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NONMAJOR CAPITAL PROJECT FUNDS

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NONMAJOR 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.

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.

NMRDRC Capital Projects Fund

To account for funds used 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.

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

Statement C-1

	Lodger's Tax Acquisition	Convention Center Capital Improvements	NMRDRC Grant Fund	Total
ASSETS				
<i>Current:</i>				
Cash and cash equivalents	\$ 946	\$ 18,259	\$ 113,687	\$ 132,892
Accounts receivable				
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other receivables	-	-	-	-
Interfund balances	-	-	-	-
	<u>\$ 946</u>	<u>\$ 18,259</u>	<u>\$ 113,687</u>	<u>\$ 132,892</u>
<i>Total current assets</i>	<u>\$ 946</u>	<u>\$ 18,259</u>	<u>\$ 113,687</u>	<u>\$ 132,892</u>
 LIABILITIES AND FUND BALANCE				
<i>Current Liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund balances	-	-	-	-
Deferred revenue	-	-	-	-
Deferred revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	-	-	-	-
<i>Fund balance:</i>				
Nonspendable	-	-	-	-
Restricted	946	18,259	113,687	132,892
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>946</u>	<u>18,259</u>	<u>113,687</u>	<u>132,892</u>
<i>Total fund balance</i>	946	18,259	113,687	132,892
<i>Total liabilities and fund balance</i>	<u>\$ 946</u>	<u>\$ 18,259</u>	<u>\$ 113,687</u>	<u>\$ 132,892</u>

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

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Statement C-2

	Lodger's Tax Acquisition	Convention Center Capital Improvements	NMRDRC Grant Fund	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Other taxes	-	-	-	-
State grants	-	12,793	546,180	558,973
Federal grants	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>12,793</u>	<u>546,180</u>	<u>558,973</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Education	-	-	-	-
Capital outlay	-	4,875	562,221	567,096
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,875</u>	<u>562,221</u>	<u>567,096</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>7,918</u>	<u>(16,041)</u>	<u>(8,123)</u>
<i>Other financing sources (uses):</i>				
Proceeds from bond/note	-	-	-	-
Operating transfers in	-	-	40,000	40,000
Operating transfers(out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	7,918	23,959	31,877
<i>Fund balances - beginning of year</i>	<u>946</u>	<u>10,341</u>	<u>89,728</u>	<u>101,015</u>
<i>Fund balances - end of year</i>	<u>\$ 946</u>	<u>\$ 18,259</u>	<u>\$ 113,687</u>	<u>\$ 132,892</u>

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

STATE OF NEW MEXICO

Statement C-3

CITY OF TUCUMCARI

GOLF COURSE IMPROVEMENT CAPITAL PROJECT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	13,300	13,300	13,300	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,300</u>	<u>13,300</u>	<u>13,300</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				-
Principal	2,601	2,601	2,601	-
Interest	5,348	5,348	5,348	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>7,949</u>	<u>7,949</u>	<u>7,949</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,351</u>	<u>5,351</u>	<u>5,351</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(5,351)	(5,351)	-	5,351
<i>Total other financing sources (uses)</i>	<u>(5,351)</u>	<u>(5,351)</u>	<u>-</u>	<u>5,351</u>
<i>Net change in fund balances</i>	-	-	5,351	5,351
<i>Fund balances - beginning of year</i>	-	-	12,738	12,738
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,089</u>	<u>\$ 18,089</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			<u>7,406</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 12,757</u>	

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

STATE OF NEW MEXICO

Statement C-4

CITY OF TUCUMCARI

LODGER'S TAX ACQUISITION CAPITAL PROJECT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	946	946
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 946	\$ 946
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO

Statement C-5

CITY OF TUCUMCARI

CONVENTION CENTER IMPROVEMENT CAPITAL PROJECT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,875	4,875	12,793	7,918
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	4,875	4,875	12,793	7,918
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	4,875	4,875	4,875	-
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	4,875	4,875	4,875	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	7,918	7,918
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	7,918	7,918
<i>Fund balances - beginning of year</i>	-	-	10,341	10,341
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 18,259	\$ 18,259
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 7,918	

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

STATE OF NEW MEXICO

Statement C-6

CITY OF TUCUMCARI

NMRDRC GRANT CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,204,808	1,204,808	1,204,808	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,204,808</u>	<u>1,204,808</u>	<u>1,204,808</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	615,375	615,375	615,375	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>615,375</u>	<u>615,375</u>	<u>615,375</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>589,433</u>	<u>589,433</u>	<u>589,433</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	40,000	40,000	40,000	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(629,433)	(629,433)	-	629,433
<i>Total other financing sources (uses)</i>	<u>(589,433)</u>	<u>(589,433)</u>	<u>40,000</u>	<u>629,433</u>
<i>Net change in fund balances</i>	-	-	629,433	629,433
<i>Fund balances - beginning of year</i>	-	-	(515,746)	(515,746)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,687</u>	<u>\$ 113,687</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			(658,628)	
Expenditure accruals			53,154	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 23,959</u>	

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

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NONMAJOR DEBT SERVICE FUNDS

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Nonmajor Debt Service Funds

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.

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2012

Statement D-1

	GRT Police Building	Total
ASSETS		
Current:		
Short term investments	\$ 55,339	\$ 55,339
Accounts receivable		
Property taxes	-	-
Intergovernmental	-	-
Other receivables	-	-
Interfund balances	-	-
<i>Total current assets</i>	\$ 55,339	\$ 55,339
 LIABILITIES AND FUND BALANCE		
<i>Current Liabilities:</i>		
Accounts payable	\$ -	\$ -
Accrued payroll liabilities	-	-
Interfund balances	-	-
Deferred revenue	-	-
Deferred revenue - property taxes	-	-
<i>Total current liabilities</i>	-	-
 <i>Fund balance:</i>		
Nonspendable	-	-
Restricted	55,339	55,339
Committed	-	-
Assigned	-	-
Unassigned	-	-
<i>Total fund balance</i>	55,339	55,339
<i>Total liabilities and fund balance</i>	\$ 55,339	\$ 55,339

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

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STATE OF NEW MEXICO Statement D-2
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	GRT Police Building	Total
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
Gross receipts taxes	-	-
Other taxes	-	-
State grants	-	-
Federal grants	-	-
Licenses and fees	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
<i>Total revenues</i>	-	-
<i>Expenditures:</i>		
Current		
General Government	1,404	1,404
Public safety	-	-
Culture and recreation	-	-
Health and welfare	-	-
Public works	-	-
Education	-	-
Capital outlay	-	-
Debt service		
Principal	20,955	20,955
Interest	21,249	21,249
<i>Total expenditures</i>	43,608	43,608
<i>Excess (deficiency) of revenues over expenditures</i>	(43,608)	(43,608)
<i>Other financing sources (uses):</i>		
Operating transfers in	43,608	43,608
Operating transfers (out)	-	-
<i>Total other financing sources (uses)</i>	43,608	43,608
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-
<i>Fund balances - beginning of year</i>	55,339	55,339
<i>Fund balances - end of year</i>	\$ 55,339	\$ 55,339

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

STATE OF NEW MEXICO

Statement D-3

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	194	194	193	(1)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	194	194	193	(1)
<i>Expenditures:</i>				
Current				
General Government	-	-	19,716	(19,716)
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	135,834	135,834	1,475,000	(1,339,166)
Interest	23,414	23,414	34,531	(11,117)
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	159,248	159,248	1,529,247	(1,369,999)
<i>Excess (deficiency) of revenues over expenditures</i>	(159,054)	(159,054)	(1,529,054)	(1,370,000)
<i>Other financing sources (uses):</i>				
Operating transfers in	159,054	159,054	159,054	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	1,370,000	1,370,000
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	159,054	159,054	1,529,054	1,370,000
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	181,076	181,076
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 181,076	\$ 181,076
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO

Statement D-4

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	1,522	1,522	1,404	118
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	20,837	20,837	20,955	(118)
Interest	21,249	21,249	21,249	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>43,608</u>	<u>43,608</u>	<u>43,608</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,608)</u>	<u>(43,608)</u>	<u>(43,608)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	43,608	43,608	43,608	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>43,608</u>	<u>43,608</u>	<u>43,608</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	55,339	55,339
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,339</u>	<u>\$ 55,339</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

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

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR THE YEAR ENDED JUNE 30, 2012

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
Wells Fargo				
FN 310103, 3.50%	31374CNU6	14,391	3/1/2041	Bank of New York Mellon
FN AH0006, 4.00%	3138A1AG6	108,140	12/1/2040	Bank of New York Mellon
FN AH0220, 3.00%	3138A1G62	8,274	12/1/2025	Bank of New York Mellon
FN AH0965, 3.00%	3138A2CB3	53,000	12/1/2025	Bank of New York Mellon
FN AH1129, 4.00%	3138A2HF9	4,681	1/1/2041	Bank of New York Mellon
FN AH1559, 4.00%	3138A2WV7	4,296	12/1/2040	Bank of New York Mellon
FN AH1831, 4.00%	3138A3A98	34,057	12/1/2040	Bank of New York Mellon
FN AH3231, 3.00%	3138A4SV8	62,091	2/1/2026	Bank of New York Mellon
FN AH9937, 4.50%	3138ACBF3	12,787	5/1/2041	Bank of New York Mellon
FN AJ5475, 3.00%	3138AXCM1	28,318	10/1/2026	Bank of New York Mellon
FN MA0934, 3.00%	31418ABC1	1,317,228	12/1/2026	Bank of New York Mellon
FN AH1616 3.00%	3138A2VJ6	318,219	12/1/2025	Bank of New York Mellon
FN MA0976 3.50%	31418ACM8	285,306	2/1/2042	Bank of New York Mellon
Total - Wells Fargo		<u>\$ 2,250,788</u>		
Citizens Bank				
FNMA	3136FT5M7	400,000	9/27/2019	Amarillo National Bank, TX
FNMA	3136FTFV6	100,000	11/7/2031	Amarillo National Bank, TX
Total - Citizen's Bank		<u>\$ 500,000</u>		
1st National Bank				
Dulce NM ISD 4.25%	264430HJ1	250,000	3/1/2018	FHLB, Dallas
Bernalillo NM MSD 3.50%	085279PH4	50,000	8/1/2017	FHLB, Dallas
Total - 1st National Bank		<u>\$ 300,000</u>		
	Total	<u>\$ 3,050,788</u>		

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF DEPOSITORES
FOR THE YEAR ENDED JUNE 30, 2012

Schedule II

<u>Bank Name/Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Carrying Balance</u>
Wells Fargo Bank				
General Operating Account	Checking	3,022,373	212,773	2,809,600
EMS Account	Checking	7,611	-	7,611
1/8% Economic Development Infrastructure	Savings	78,283	-	78,283
CDBG Account	Checking	-	-	-
John D Hoffman Endowment Account	Savings	1,007	-	1,007
Seizure Account	Checking	22,305	-	22,305
Savings Account	Savings	2,524	-	2,524
Certificate of Deposit	CD	165,698	-	165,698
Housing-General Operating Fund	Checking	522,553	33,076	489,477
Housing-CIAP Savings Account	Savings	517	-	517
Housing-CIAP Operating Account	Checking	7	-	7
Housing-Section 8 Account	Checking	253,662	824	252,838
Housing-Certificate of Deposit	CD	22,804	-	22,804
Housing-Operating Account-Chaparral Apartments	Checking	32,994	-	32,994
Citizens Bank				
Bank Two	Checking	\$ 1,262,250	\$ 59,310	\$ 1,202,940
USDA Account	Checking	33,839	33,839	-
Sanitation Capital Improvement	Savings	264,759	-	264,759
Certificate of Deposit	CD	60,000	-	60,000
First National Bank				
Sanitation Department Account	Checking	168,237	11,153	157,084
Princess Theatre Account	Savings	4,549	-	4,549
Logan Meal Site Donations Account	Checking	1,939	-	1,939
Certificate of Deposit	CD	154,032	-	154,032
Certificate of Deposit	CD	154,207	-	154,207
Certificate of Deposit	CD	102,688	-	102,688
Certificate of Deposit	CD	101,939	-	101,939
Housing-Security Deposit Account	Checking	8,339	498	7,841
New Mexico Bank & Trust				
Housing-Security Deposits-Chaparral Apartments	Checking	4,500	-	4,500
Housing-Reserve Account-Chaparral Apartments	Checking	59,985	-	59,985

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF DEPOSITORES
FOR THE YEAR ENDED JUNE 30, 2012

Schedule II

<u>Bank Name/Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Carrying Balance</u>
Everyone's Credit Union				
Narcotics Account	Checking	9,574	-	9,574
Certificate of Deposit	CD	50,000	-	50,000
Tucumcari Federal Savings & Loan				
Certificate of Deposit	CD	61,649	-	61,649
NMFA Bank				
2011 Series Debt Reserve	Trust	153,968	-	153,968
PD Debt Service	Trust	21,101	-	21,101
PD Debt Service Reserve	Trust	35,902	-	35,902
Pool Debt Service	Trust	5,261	-	5,261
Pool Debt Service Reserve	Trust	14,569	-	14,569
Water Conversion Reuse Project	Trust	4,780	-	4,780
Fire Pumper	Trust	8	-	8
	Trust	9,950	-	9,950
Total cash in bank		<u>\$ 6,880,363</u>	<u>\$ 351,473</u>	<u>\$ 6,528,890</u>
Petty Cash - Housing & Chaparral				<u>450</u>
Total Cash				<u><u>6,529,340</u></u>
Cash in Busines-Type Activities Per Ex A-1				3,862,525
Cash in Governmental Activities Per Ex A-1				2,666,815

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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	All Agencies	Establish the Tucumcari/Quay 911 Regional Emergency Communications Center
Cities of Clovis, Tucumcari, Portales, San Jon, Logan, Texico, Melrose, Elida, and Grady; Counties of Curry, Roosevelt, and Quay.	All Agencies	Ute Reservoir Water Commission
City of Tucumcari, San Jon, and Logan; and County of Quay		Tucumcari Quay County Regional Water Authority (TQCRWA)
Quay County and City of Tucumcari	All Agencies	Housing of City Prisoners by Quay County Detention
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 Ouav Countv
City of Tucumcari and Quay County	All Agencies	Jointly purchase, operate, and maintain Dura-Patcher road equipment.

The accompanying notes are an integral part of these financial statements

Beginning Date	Ending Date	Total Estimated Project Amount	Net Amount Received (Contributed) by City During Fiscal Year	Audit Responsibility	Fiscal Agent/ Responsible Reporting Entity
2/3/2006	Indefinite	Unknown	\$ -	None	None / Each individual law enforcement agency
9/15/2009	Indefinite	Unknown	\$ 91,321	None	City / Dispatch Center
6/30/1989, 7/1/1992	Indefinite	Unknown	\$ -	None	None / Each individual governmental agency
12/19/2011	Indefinite	Unknown	\$ -	None	None / Each individual governmental agency
7/1/2007	6/30/2011	Annual	\$ 54,000	None	None / Both
4/17/2007	Indefinite	Unknown	\$ 50,000	None	None / Each individual governmental agency
12/1/2005	Indefinite	Unknown	\$ -	None	None / Both

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION

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Griego Professional Services, LLC

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, and
City Council Members
City of Tucumcari
Tucumcari, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplementary information of City of Tucumcari, New Mexico (the City) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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 the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in 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 responses, 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 Authority'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 responses to be material weaknesses identified as FS 06-04, FS 2008-08(Housing Authority).

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 responses to be significant deficiencies identified as FS 09-01 and FS 10-06.

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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 10-07, FS 2010-02(Housing Authority), and FS 2011-02(Housing Authority).

We noted no other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978.

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

This report is intended solely for the information and use of management, the Board of City Commissioners, others within the City, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico
November 21, 2012

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FEDERAL FINANCIAL ASSISTANCE

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Griego Professional Services, LLC

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON 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, and
City Council Members
City of Tucumcari
Tucumcari, New Mexico

Compliance

We have audited City of Tucumcari's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2012. The City'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 the City's management. Our responsibility is to express an opinion on the City'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. 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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those 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 2007-11(Housing Authority).

Internal Control Over Compliance

Management of the City 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 the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

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 identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item FA 2007-01(Housing Authority). A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the City, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, the State Auditor, federal awarding agencies, and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico
November 21, 2012

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

Schedule IV

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities (1)	ARRA CWSWF 16	10.781	2,520,729
Rural Rental Assistance Payments	NM 990419271	10.427	97,291
Rural Rental Assistance Interest Subsidy (1)	NM 990419271	10.415	48,560
Total U.S. Department of Agriculture			<u>2,666,580</u>
U.S. Department of Housing & Urban Development (HUD)			
<i>Direct Funding</i>			
Public and Indian Housing		14.850	273,687
Section 8 Housing Choice Vouchers (1)		14.871	390,498
Capital Fund Projects		14.872	26,604
Total U.S. Department of Housing & Urban Development (HUD)			<u>690,789</u>
U.S. Department of Transportation			
Airport Improvement Program (1)		20.106	244,726
Total U.S. Department of Transportation			<u>244,726</u>
U.S. Department of Health and Human Services			
Senior Citizens Title IIIB	2010-07-6840	93.044	\$ 5,538
Senior Citizens Title IIIC1	2010-07-6840	93.045	38,457
Senior Citizens Title IIIC2	2010-07-6840	93.045	17,130
Senior Citizens NSIP	2010-07-6840	93.053	32,422
Total U.S. Department of Health and Human Services			<u>93,547</u>
U.S. Department of Homeland Security			
Homeland Security Grant Program	2003-MU-T3-0047	97.067	123,251
Total U.S. Department of Homeland Security			<u>123,251</u>
Total Federal Financial Assistance			<u>\$ 3,818,893</u>

(1) Denotes major program

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

Schedule IV

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 City of Tucumcari and is presented on the modified 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. Subrecipients

The County did not provide any federal awards to subrecipients during the year.

3. Debt Service Subsidy

The 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 the USDA FmHA program.

4. Loan Amount

The City owed \$4,745,285 to USDA at June 30, 2012.
The Authority owed \$694,383 to FmHA at June 30, 2012.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,818,893
Total expenditures funded by other sources	<u>10,575,673</u>
Total expenditures	<u><u>\$ 14,394,566</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

Schedule V

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal Control over Financial Reporting and on Compliance and Other Matters: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiency identified not considered to be a material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes |
| c. Control deficiency identified not considered to be significant deficiency? | No |
| 2. Type of auditors’ opinion issued on the <i>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133</i> | |
| | 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
10.781	Water and Waste Disposal Systems for Rural Communities
10.415	Rural Rental Assistance Interest Subsidy
14.871	Section 8 Housing Choice Vouchers
20.106	Airport Improvement 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
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Schedule V

Section II – Financial Statement Findings

City of Tucumcari (Primary Government) Findings:

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

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 there is no formal risk assessment or fraud risk assessment performed.

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.

Responsible Officials’ Views: The City will insert a policy statement into the Internal Control policies, and procedures, to include a formal risk assessment and/or fraud risk assessment. The formal assessment will be presented to and reviewed by the Finance Board of the Governing Body to ensure oversight of the cost/benefit of the identified risk and required controls.

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

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

Nonmajor Funds:	
Corrections Fund	\$ 35
Total	\$ 35

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.

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Section II – Financial Statement Findings (continued)

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

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

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

Responsible Official's Views: An employee has been shifted from other duties to assist in additional budget monitoring. End of the Year adjusting entries created the expenditures that reflected items being over budget as budget adjustments resolutions by the Commission were completed for the year. These types of items will be anticipated and reviewed prior to year end.

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

Condition: We noted one instance out of twenty five tested in the amount of \$8,796.90 where no Purchase Order was issued, and management's authorization/review of the disbursement was not documented.

Criteria: It is the City's stated internal control policy to obtain Purchase Orders 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.

Responsible Officials' Views: This finding is a carryover from last year's audit after which procedures were implemented to ensure Purchase Orders are in place for invoices over \$1,000 (if required by the NM Procurement Code), and RFP's are in place when required by the NM Procurement Code. The purchasing policy will have procedures for exceptions when appropriate authorization has not been followed.

FS 10-06 — Cash Reconciliations (Significant Deficiency)

Condition: During testwork, we noted that the City was several months behind on bank reconciliations.

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 balance could be at risk due to reconciliations not being done in a timely manner. Errors in accounts could be missed due to not being investigated in a timely manner.

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.

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Section II – Financial Statement Findings (continued)

Responsible Officials' Views: This finding is a carryover from last year's audit after which procedures were implemented to ensure monthly bank reconciliations are performed timely and accurately. Reconciliations currently are performed timely and accurately each month, and journals are created to record any discrepancies in the monthly activity.

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

Condition: The City's audit report for the year ended June 30, 2012 was submitted to the State Auditor by the required due date, December 3, 2012, however, the report was rejected and had to be resubmitted at a date subsequent to the deadline.

Criteria: Audit reports rejected and not resubmitted before the due date are considered to be late submissions under 2.2.2.9.E of the State Audit Rule.

Effect: The result was the late submission of the City's audit report for the year ended June 30, 2012.

Cause: Due to an omission within the Schedule of Findings and Questioned Costs the City's audit report was rejected and had to be resubmitted to the State Auditor after the December 3, 2012 deadline.

Auditors' Recommendations: The City and their auditor should ensure through thorough review that items are properly included on financial statements.

Responsible Officials' Views: The City will thoroughly review all items on financial statements with Auditor to ensure that they are properly classified so that the audit is submitted before or by the due date.

Housing Authority (Department) Findings:

FS 2008-08: Deficiencies in Internal Control Structure Design, Operation, and Oversight (Material Weakness)

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.

Criteria: As required by NMSA 1978 Section 6-6-3, the Housing Authority should design and maintain an internal control structure that enables it to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Under SAS 112, the internal control and financial reporting process should have adequate oversight provided by 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, and adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause: For fiscal year 2012 management and the body charged with governance had not updated the Authority's internal control procedures documentation in order 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. The Housing Authority should update their current procedures manual.

STATE OF NEW MEXICO
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Section II – Financial Statement Findings (continued)

Responsible Official's Views: Staff size limits internal control- Tucumcari Housing Authority will be working with the City of Tucumcari CFO to ensure effective oversight of internal control and financial reporting processes are compliant as required by NMSA 1978 Section 6-6-3.

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 16 checks at June 30, 2012 that are over one year old.

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 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 appearing on the outstanding check listings.

Cause: The Authority does not have a procedure in place to properly track and handle stale dated items..

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.

Responsible Official's Views: Tucumcari Housing will verify through HUD and follow-through with procedure(s) to handle stale dated checks.

FS 2011-02 Late Audit Report (Compliance)

Condition: The Agency's audit report for the year ended June 30, 2012 was submitted to the State Auditor by the required due date, December 3, 2012, however, the report was rejected and had to be resubmitted at a date subsequent to the deadline.

Criteria: Audit reports rejected and not resubmitted before the due date are considered to be late submissions under 2.2.2.9.E of the State Audit Rule.

Effect: The result was the late submission of the Agency's audit report for the year ended June 30, 2012.

Cause: Due to a misclassification within the Schedule of Expenditures of Federal Awards the Agency's audit report was rejected and had to be resubmitted to the State Auditor after the December 3, 2012 deadline.

Auditors' Recommendations: The Agency and their auditor should ensure through thorough review that items are properly classified on financial statements.

Responsible Officials' Views: The Housing Authority will thoroughly review all items on financial statements with Auditor to ensure that they are properly classified so that the audit is submitted before or by the due date.

Section III – Federal Award Findings

City of Tucumcari (Primary Government) Federal Award Findings:

None

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Section III – Federal Award Findings

Housing Authority (Department) Federal Award Findings:

2007-11 — Lack of Adequate Internal Controls over Compliance (Significant Deficiency) (Repeated)

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, 2011 – June 30, 2012

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

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

Questioned Costs: None.

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

Cause: For fiscal year 2012 management and the body charged with governance had not updated the Authority's internal control procedures documentation in order to implement an adequate internal control 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. The Housing Authority should update their current procedures manual.

Responsible Official's Views: Tucumcari Housing Authority is and will increase working with City of Tucumcari CFO to ensure compliance of oversight of internal controls.

Section IV – Prior Year Audit Findings

Primary Government (City):

FS 06-04 – Deficiencies in Internal Control Structure Design, Operation, and Oversight (Material Weakness), Repeated
FS 08-03 – Over Expenditure of Budgets (Compliance), Revised and Repeated
FS 09-01 – Failure to Obtain Proper Authorization for Expenditures (Significant Deficiency), Repeated
FS 10-02 – Stale Dated Checks (Compliance), Resolved
FS 10-06 – Cash Reconciliations (Significant Deficiency), Repeated
FS 10-07 – Audit Report Submission to the New Mexico State Auditor (Compliance), Revised and Repeated
FA 10-09 – Audit Report Submission to the New Mexico State Auditor and A-133 Data Collection Form (Significant Deficiency), Resolved

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Section IV – Prior Year Audit Findings

Housing Authority (Department):

FS 2008-08 – Deficiencies in Internal Control Structure Design, Operation, and Oversight (Material Weakness), Repeated
FS 2009-01 – Preparation of Financial Statements (Significant Deficiency), Resolved
FS 2010-02 – Stale Dated Checks and Voided Checks (Compliance), Repeated
FS 2011-01 – Pledged Collateral – Cash Equivalents and Deposits (Compliance), Resolved
FS 2011-02 – Late Audit Report (Significant Deficiency), Revised and Repeated
FA 2007-11 – Lack of Adequate Internal Controls over Compliance (Housing Authority) (Significant Deficiency), Repeated

Section V – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The City’s management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference-Primary Government

The contents of this report were discussed on November 28, 2012. The following individuals were in attendance.

City of Tucumcari
Doug Powers, City Manager
Dennis Dysart, City Finance Director
Amiel Curnutt, Mayor
Daniel Lopez, Mayor Pro-Tem
Dora Salinas-McTigue, Commissioner
Jimmy Sandoval, Commissioner
Robert Lumpkin, Commissioner
Vicki Strand, Human Resources Director
Angelica Gray, City Clerk
Viki Riddle, Housing Authority Executive Director

Griego Professional Services, LLC
J.J. Griego, CPA, Partner
Benjamin Martinez, CPA

Exit Conference-Housing Authority

The contents of this report were discussed on November 28, 2012. The following individuals were in attendance.

City of Tucumcari
Viki Riddle, Housing Authority Executive Director
Doug Powers, City Manager
Dennis Dysart, City Finance Director
Amiel Curnutt, Mayor
Daniel Lopez, Mayor Pro-Tem
Dora Salinas-McTigue, Commissioner
Jimmy Sandoval, Commissioner
Robert Lumpkin, Commissioner
Vicki Strand, Human Resources Director
Angelica Gray, City Clerk

Griego Professional Services, LLC
J.J. Griego, CPA, Partner
Benjamin Martinez, CPA