

**State of New Mexico
City of Tucumcari
Financial Statements
For the Year Ended June 30, 2018**



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STATE OF NEW MEXICO

City of Tucumcari

June 30, 2018

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STATE OF NEW MEXICO

City of Tucumcari

June 30, 2018

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
City of Tucumcari
June 30, 2018
Official Roster

<u>Name</u>		<u>Title</u>
	<u>City Mayor and Commission</u>	
Ruth Ann Litchfield		Mayor
Robert Lumpkin		Mayo Pro-Term
Ralph Moya		Commissioner
Amy Gutierrez		Commissioner
Todd Duplantis		Commissioner
	<u>Administrative Officials</u>	
Britt Lusk		City Manager
Angelica Gray		City Clerk
Rachelle Arias		City Finance Director
Viki Riddle		Housing Authority Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Mr. Brian Colon
New Mexico State Auditor and
City Commission
City of Tucumcari
Tucumcari, New Mexico

Report on Financial Statements

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 fund of the City of Tucumcari, New Mexico (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of City of Tucumcari, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the beginning balance of net position of the City has been restated due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. The restatement resulted in a decrease in the beginning balance of net position of the City of \$4,189,519 for the year ended June 30, 2018. In addition, restatements related to accounts payable, capital assets and cash allocations increased beginning balance of net position by \$4,465,175 as discussed in Note 21 to the financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that schedule of proportionate share of net pension liability and net OPEB liability, and schedules of pension and OPEB contributions and related notes on pages 63 through 69 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), other schedules required by Section 2.2.2.NMAC, and Schedule Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used

to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Albuquerque, New Mexico
June 27, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
City of Tucumcari
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ 3,508,623	4,478,068	7,986,691
Investments	427,729	432,445	860,174
Receivables	957,833	460,224	1,418,057
Internal balances	543,284	(543,284)	-
Inventory	-	63,626	63,626
Prepaid expenses	17,888	22,039	39,927
<i>Total current assets</i>	<u>5,455,357</u>	<u>4,913,118</u>	<u>10,368,475</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	618,967	618,967
Capital assets	30,083,441	56,184,180	86,267,621
Less: accumulated depreciation	<u>(16,492,889)</u>	<u>(24,182,469)</u>	<u>(40,675,358)</u>
<i>Total noncurrent assets</i>	<u>13,590,552</u>	<u>32,620,678</u>	<u>46,211,230</u>
<i>Total assets</i>	<u>19,045,909</u>	<u>37,533,796</u>	<u>56,579,705</u>
Deferred outflows of resources			
Pension related	1,132,548	344,880	1,477,428
OPEB related	<u>48,923</u>	<u>18,448</u>	<u>67,371</u>
<i>Total deferred outflows of resources</i>	<u>1,181,471</u>	<u>363,328</u>	<u>1,544,799</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 20,227,380</u>	<u>37,897,124</u>	<u>58,124,504</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Statement of Net Position (continued)
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
<i>Current liabilities</i>			
Accounts payable	100,113	75,079	175,192
Accrued payroll	70,694	24,744	95,438
Accrued compensated absences	33,000	12,971	45,971
Customer/tenant deposits	1,531	235,103	236,634
Accrued interest	10,402	75,337	85,739
Unearned revenue	-	170	170
Current portion of long-term debt	183,954	210,875	394,829
<i>Total current liabilities</i>	<u>399,694</u>	<u>634,279</u>	<u>1,033,973</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	76,971	28,572	105,543
Accrued landfill closure costs	-	4,131,920	4,131,920
Long-term debt	801,681	6,184,204	6,985,885
Net pension liability	4,447,410	1,112,408	5,559,818
Net OPEB liability	2,575,063	951,980	3,527,043
<i>Total noncurrent liabilities</i>	<u>7,901,125</u>	<u>12,409,084</u>	<u>20,310,209</u>
<i>Total liabilities</i>	<u>8,300,819</u>	<u>13,043,363</u>	<u>21,344,182</u>
Deferred inflows of resources			
Pension related	581,747	333,310	915,057
OPEB related	586,130	216,605	802,735
<i>Total deferred inflows of resources</i>	<u>1,167,877</u>	<u>549,915</u>	<u>1,717,792</u>
Net position			
Net investment in capital assets	12,604,917	25,606,632	38,211,549
Restricted for:			
Section 8 housing	-	13,436	13,436
Replacement reserve	-	80,951	80,951
Debt service	55,338	-	55,338
Capital projects	170,935	-	170,935
Special revenue	2,001,875	-	2,001,875
Unrestricted	<u>(4,074,381)</u>	<u>(1,397,173)</u>	<u>(5,471,554)</u>
<i>Total net position</i>	<u>10,758,684</u>	<u>24,303,846</u>	<u>35,062,530</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 20,227,380</u>	<u>37,897,124</u>	<u>58,124,504</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 1,407,262	975,158	193,330	-
Public safety	2,302,683	565,204	277,196	23,600
Public works	1,835,512	10,675	36,820	1,338,400
Culture and recreation	1,249,325	66,673	-	35,800
Health and welfare	558,494	-	340,799	-
Interest on long-term debt	45,335	-	-	-
<i>Total governmental activities</i>	<u>7,398,611</u>	<u>1,617,710</u>	<u>848,145</u>	<u>1,397,800</u>
Business-Type Activities:				
Airport	619,906	333,590	-	-
Joint utility	3,657,985	2,481,324	-	-
Sanitation	1,490,521	766,920	-	-
Tucumcari Housing Authority	1,061,233	206,197	785,088	28,667
<i>Total business-type activities</i>	<u>6,829,645</u>	<u>3,788,031</u>	<u>785,088</u>	<u>28,667</u>
<i>Total primary government</i>	<u>\$ 14,228,256</u>	<u>5,405,741</u>	<u>1,633,233</u>	<u>1,426,467</u>

General revenues and transfers:

Taxes:

- Property taxes
- Gross receipts taxes
- Gasoline and motor vehicle taxes
- Other taxes

- Investment income
- Miscellaneous revenue
- Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

GASB 75 Implementation (Note 21)

Net position, restatement (Note 22)

Net position, beginning as restated

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (238,774)	-	(238,774)
(1,436,683)	-	(1,436,683)
(449,617)	-	(449,617)
(1,146,852)	-	(1,146,852)
(217,695)	-	(217,695)
(45,335)	-	(45,335)
<u>(3,534,956)</u>	<u>-</u>	<u>(3,534,956)</u>
-	(286,316)	(286,316)
-	(1,176,661)	(1,176,661)
-	(723,601)	(723,601)
-	(41,281)	(41,281)
<u>-</u>	<u>(2,227,859)</u>	<u>(2,227,859)</u>
<u>(3,534,956)</u>	<u>(2,227,859)</u>	<u>(5,762,815)</u>
404,606	-	404,606
2,852,490	332,883	3,185,373
277,697	-	277,697
831,892	-	831,892
3,985	12,524	16,509
132,220	104,824	237,044
(1,093,338)	1,093,338	-
<u>3,409,552</u>	<u>1,543,569</u>	<u>4,953,121</u>
(125,404)	(684,290)	(809,694)
13,058,507	22,538,061	35,596,568
(3,058,774)	(1,130,745)	(4,189,519)
<u>884,355</u>	<u>3,580,820</u>	<u>4,465,175</u>
<u>10,884,088</u>	<u>24,988,136</u>	<u>35,872,224</u>
\$ <u>10,758,684</u>	<u>24,303,846</u>	<u>35,062,530</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, 2018

	General Fund	EMS Fund - Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,183,967	122,296	337,200	1,864,468	3,507,931
Investments	-	-	-	427,729	427,729
Receivables	740,822	67,572	-	149,439	957,833
Prepaid expenses	17,888	-	-	-	17,888
Due from other funds	1,154,937	-	-	70,000	1,224,937
<i>Total assets</i>	<u>\$ 3,097,614</u>	<u>189,868</u>	<u>337,200</u>	<u>2,511,636</u>	<u>6,136,318</u>
Liabilities, deferred inflows of resources, and fund balances					
<i>Liabilities</i>					
Accounts payable	\$ 51,483	42,647	1,171	2,682	97,983
Accrued payroll	46,347	7,985	-	9,549	63,881
Deposits payable	-	-	-	1,531	1,531
Due to other funds	-	184	135,706	545,763	681,653
<i>Total liabilities</i>	<u>97,830</u>	<u>50,816</u>	<u>136,877</u>	<u>559,525</u>	<u>845,048</u>
<i>Deferred Inflows of resources</i>					
Unavailable revenue - property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>					
Nonspendable:					
Prepaid expenses	17,888	-	-	-	17,888
Spendable					
Restricted for:					
Public safety	-	139,052	-	291,809	430,861
Public works	-	-	200,323	411,450	611,773
Culture and recreation	-	-	-	810,652	810,652
Health and welfare	-	-	-	148,589	148,589
Capital projects	-	-	-	170,935	170,935
Debt service	-	-	-	55,338	55,338
Committed to:					
Subsequent year's expenditures	545,514	-	-	-	545,514
Unassigned	2,436,382	-	-	63,338	2,499,720
<i>Total fund balances</i>	<u>2,999,784</u>	<u>139,052</u>	<u>200,323</u>	<u>1,952,111</u>	<u>5,291,270</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 3,097,614</u>	<u>189,868</u>	<u>337,200</u>	<u>2,511,636</u>	<u>6,136,318</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$ 5,291,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,590,552
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the Statement of Net Position	(8,251)
Delinquent property taxes and grants not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	-
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds	
Deferred outflows of resources related to employer pension contributions subsequent to the measurement date	1,132,548
Deferred outflows of resources related to employer OPEB contributions subsequent to the measurement date	48,923
Deferred inflows of resources related to pension	(581,747)
Deferred inflows of resources related OPEB	(586,130)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(10,402)
Accrued compensated absences	(109,971)
Long-term debt	(985,635)
Net pension liability	(4,447,410)
Net OPEB liability	(2,575,063)
<i>Net position of governmental activities</i>	<u><u>\$ 10,758,684</u></u>

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

STATE OF NEW MEXICO
City of Tucumcari
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
June 30, 2018

	General Fund	EMS Fund - Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues</i>					
Taxes:					
Property	\$ 404,606	-	-	-	404,606
Gross receipts	2,742,026	-	-	110,464	2,852,490
Gasoline and motor vehicle	-	-	-	277,697	277,697
Other	230,332	-	-	601,560	831,892
Intergovernmental:					
Federal operating grants	2,130	-	-	90,336	92,466
State operating grants	191,200	14,381	-	550,098	755,679
Federal capital grants	-	-	754,023	3,843	757,866
State capital grants	-	-	515,597	124,337	639,934
Charges for services	975,158	541,233	-	101,319	1,617,710
Investment income	793	-	-	3,192	3,985
Miscellaneous	50,936	34,515	-	46,769	132,220
<i>Total revenues</i>	<u>4,597,181</u>	<u>590,129</u>	<u>1,269,620</u>	<u>1,909,615</u>	<u>8,366,545</u>
<i>Expenditures</i>					
Current:					
General government	1,280,491	-	-	-	1,280,491
Public safety	1,226,455	614,160	-	160,336	2,000,951
Public works	788,984	-	63,677	573,304	1,425,965
Culture and recreation	356,268	-	-	652,115	1,008,383
Health and welfare	126,689	-	-	381,186	507,875
Capital outlay	115,365	-	-	150,338	265,703
Debt service:					
Principal	-	-	-	178,688	178,688
Interest	-	-	-	39,730	39,730
<i>Total expenditures</i>	<u>3,894,252</u>	<u>614,160</u>	<u>63,677</u>	<u>2,135,697</u>	<u>6,707,786</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>702,929</u>	<u>(24,031)</u>	<u>1,205,943</u>	<u>(226,082)</u>	<u>1,658,759</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	241,606	-	1,069,330	1,310,936
Transfers out	(710,244)	-	(1,027,175)	(666,855)	(2,404,274)
<i>Total other financing sources (uses)</i>	<u>(710,244)</u>	<u>241,606</u>	<u>(1,027,175)</u>	<u>402,475</u>	<u>(1,093,338)</u>
<i>Net change in fund balances</i>	<u>(7,315)</u>	<u>217,575</u>	<u>178,768</u>	<u>176,393</u>	<u>565,421</u>
<i>Fund balances - beginning of year, as previously reported</i>	2,079,924	193,638	(187,202)	1,755,134	3,841,494
<i>Fund balances - restatement (Note 22)</i>	927,175	(272,161)	208,757	20,584	884,355
<i>Fund balances - beginning of year, as restated</i>	<u>3,007,099</u>	<u>(78,523)</u>	<u>21,555</u>	<u>1,775,718</u>	<u>4,725,849</u>
<i>Fund balances - end of year</i>	<u>\$ 2,999,784</u>	<u>139,052</u>	<u>200,323</u>	<u>1,952,111</u>	<u>5,291,270</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net Change in fund balances - total governmental funds	\$ 565,421
The activity of the internal service fund is reported with the governmental activities in the statement of activities	-
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	265,703
Depreciation expense	(999,006)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in unavailable revenue related to property taxes receivable	-
Governmental funds report City pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:	
Pension expense	249,298
OPEB expense	(364,101)
The issuance of long-term debt (e.g. bonds, loans, 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Increase in accrued compensated absences	(15,802)
Increase in accrued interest	(5,605)
Principal payments on long-term debt	<u>178,688</u>
<i>Change in net position of governmental activities</i>	<u>\$ (125,404)</u>

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

STATE OF NEW MEXICO
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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Taxes	\$ 3,258,000	3,226,085	3,277,470	51,385
Intergovernmental:				
Federal Operating grant	3,500	-	2,130	2,130
State operating grant	33,000	42,400	191,200	148,800
Licenses and fees and charges for services	892,250	891,653	975,158	83,505
Investment income	500	789	793	4
Miscellaneous	63,000	89,017	50,936	(38,081)
<i>Total revenues</i>	<u>4,250,250</u>	<u>4,249,944</u>	<u>4,497,687</u>	<u>247,743</u>
<i>Expenditures</i>				
Current:				
General government	1,846,209	1,471,783	1,298,119	173,664
Public safety	1,379,401	1,478,955	1,226,455	252,500
Public works	207,751	207,416	788,984	(581,568)
Culture and recreation	723,041	660,175	356,268	303,907
Health and welfare	-	-	126,689	(126,689)
Capital outlay	123,972	127,724	115,365	12,359
<i>Total expenditures</i>	<u>4,280,374</u>	<u>3,946,053</u>	<u>3,911,880</u>	<u>34,173</u>
<i>Excess (deficiency) of revenues</i> <i>over expenditures</i>	<u>(30,124)</u>	<u>303,891</u>	<u>585,807</u>	<u>281,916</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers (out)	(691,140)	(710,247)	(710,244)	3
<i>Total other financing sources (uses)</i>	<u>(691,140)</u>	<u>(710,247)</u>	<u>(710,244)</u>	<u>3</u>
<i>Net change in fund balances</i>	(721,264)	(406,356)	(124,437)	281,919
<i>Fund balances - beginning of year, as</i> <i>restated</i>	<u>-</u>	<u>-</u>	<u>3,007,099</u>	<u>3,007,099</u>
<i>Fund balance - end of year</i>	\$ <u>(721,264)</u>	<u>(406,356)</u>	<u>2,882,662</u>	<u>3,289,018</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (124,437)	
Adjustments to revenue for taxes, grant revenues and charges for services.				99,494
Adjustments to expenditures for salaries and other expenses.				17,628
<i>Net change in fund balance (GAAP)</i>			\$	<u>(7,315)</u>

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

STATE OF NEW MEXICO
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, 2018

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental:				
State operating grant	\$ 15,000	14,381	14,381	-
Licenses and fees and charges for services	-	-	681,584	681,584
Miscellaneous	-	-	34,515	34,515
<i>Total revenues</i>	<u>15,000</u>	<u>14,381</u>	<u>730,480</u>	<u>716,099</u>
<i>Expenditures</i>				
Current:				
Public safety	646,743	608,605	573,611	34,994
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>646,743</u>	<u>608,605</u>	<u>573,611</u>	<u>34,994</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(631,743)</u>	<u>(594,224)</u>	<u>156,869</u>	<u>751,093</u>
<i>Other financing sources (uses)</i>				
Transfers in	256,743	241,606	241,606	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>256,743</u>	<u>241,606</u>	<u>241,606</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(375,000)</u>	<u>(352,618)</u>	<u>398,475</u>	<u>751,093</u>
<i>Fund balances - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(78,523)</u>	<u>(78,523)</u>
<i>Fund balance - end of year</i>	\$ <u><u>(375,000)</u></u>	\$ <u><u>(352,618)</u></u>	\$ <u><u>319,952</u></u>	\$ <u><u>672,570</u></u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 398,475	
Adjustments to revenue for taxes, grant revenues and charges for services.				(140,351)
Adjustments to expenditures for salaries and other expenses.				(40,549)
<i>Net change in fund balance (GAAP)</i>			\$ <u><u>217,575</u></u>	

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

STATE OF NEW MEXICO
City of Tucumcari
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Joint Utility	Sanitation	Tucumcari Housing Authority
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 31,743	3,051,364	498,216	896,745
Investments	-	153,790	278,655	-
Receivables	4,231	364,513	82,037	9,443
Due from other funds	-	10,590	-	-
Inventory	37,349	20,077	-	6,200
Prepaid expenses	-	16,865	-	5,174
<i>Total current assets</i>	<u>73,323</u>	<u>3,617,199</u>	<u>858,908</u>	<u>917,562</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	-	221,475	271,434	126,058
Capital assets	8,262,290	37,861,680	4,345,225	5,714,985
Less: accumulated depreciation	<u>(4,482,811)</u>	<u>(14,273,060)</u>	<u>(2,016,093)</u>	<u>(3,410,505)</u>
<i>Total noncurrent assets</i>	<u>3,779,479</u>	<u>23,810,095</u>	<u>2,600,566</u>	<u>2,430,538</u>
<i>Total assets</i>	<u>3,852,802</u>	<u>27,427,294</u>	<u>3,459,474</u>	<u>3,348,100</u>
<i>Deferred outflows of resources</i>				
Pension related	19,122	102,398	160,817	62,543
OPEB related	<u>1,035</u>	<u>5,540</u>	<u>8,699</u>	<u>3,174</u>
<i>Total deferred outflows of resources</i>	<u>20,157</u>	<u>107,938</u>	<u>169,516</u>	<u>65,717</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 3,872,959</u>	<u>27,535,232</u>	<u>3,628,990</u>	<u>3,413,817</u>

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

Total Business-Type Activities	Governmental Activities
Internal Service Funds	
4,478,068	692
432,445	-
460,224	-
10,590	-
63,626	-
22,039	-
<u>5,466,992</u>	<u>692</u>
618,967	-
56,184,180	263,242
<u>(24,182,469)</u>	<u>(239,018)</u>
<u>32,620,678</u>	<u>24,224</u>
<u>38,087,670</u>	<u>24,916</u>
344,880	109,177
<u>18,448</u>	<u>5,905</u>
<u>363,328</u>	<u>115,082</u>
<u><u>38,450,998</u></u>	<u><u>139,998</u></u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Joint Utility	Sanitation	Tucumcari Housing Authority
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,352	36,442	5,596	31,689
Accrued payroll	-	12,409	4,741	7,594
Accrued compensated absences	1,200	7,400	3,000	1,371
Customer/tenant deposits	-	221,475	-	13,628
Accrued interest	-	74,946	-	391
Unearned revenue	-	-	-	170
Due to other funds	44,665	-	509,209	-
Current portion of long-term debt	-	191,875	-	19,000
<i>Total current liabilities</i>	<u>47,217</u>	<u>544,547</u>	<u>522,546</u>	<u>73,843</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	2,934	17,433	6,835	1,370
Accrued landfill closure costs	-	-	4,131,920	-
Long-term debt	-	5,594,580	-	589,624
Net pension liability	58,289	312,133	490,208	251,778
Net OPEB liability	53,404	285,908	448,893	163,775
<i>Total noncurrent liabilities</i>	<u>114,627</u>	<u>6,210,054</u>	<u>5,077,856</u>	<u>1,006,547</u>
<i>Total liabilities</i>	<u>161,844</u>	<u>6,754,601</u>	<u>5,600,402</u>	<u>1,080,390</u>
<i>Deferred inflows of resources</i>				
Pension related	20,669	110,679	173,823	28,139
OPEB related	12,156	65,007	102,167	37,275
<i>Total deferred inflows of resources</i>	<u>32,825</u>	<u>175,686</u>	<u>275,990</u>	<u>65,414</u>
<i>Net Position</i>				
Net investments in capital assets	3,779,479	18,023,640	2,600,566	1,695,856
Restricted for:				
Section 8 housing	-	-	-	13,436
Replacement reserve	-	-	-	80,951
Unrestricted (deficit)	<u>(101,189)</u>	<u>2,581,305</u>	<u>(4,847,968)</u>	<u>477,770</u>
<i>Total net position</i>	<u>3,678,290</u>	<u>20,604,945</u>	<u>(2,247,402)</u>	<u>2,268,013</u>
<i>Total Liabilities, deferred inflows of resources, and net position</i>	<u>\$ 3,872,959</u>	<u>27,535,232</u>	<u>3,628,990</u>	<u>3,413,817</u>

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
75,079	2,130
24,744	6,813
12,971	-
235,103	-
75,337	-
170	-
553,874	-
210,875	-
<u>1,188,153</u>	<u>8,943</u>
28,572	-
4,131,920	-
6,184,204	-
1,112,408	332,798
951,980	304,688
<u>12,409,084</u>	<u>637,486</u>
<u>13,597,237</u>	<u>646,429</u>
333,310	118,006
216,605	69,352
<u>549,915</u>	<u>187,358</u>
26,099,541	24,224
13,436	-
80,951	-
<u>(1,890,082)</u>	<u>(718,013)</u>
<u>24,303,846</u>	<u>(693,789)</u>
<u><u>38,450,998</u></u>	<u><u>139,998</u></u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Joint Utility	Sanitation	Tucumcari Housing Authority
<i>Operating revenues</i>				
Charges for service	\$ 333,590	2,481,324	766,920	196,519
Other revenue	-	-	-	9,678
Subsidy grants	-	-	-	785,088
Total operating revenues	333,590	2,481,324	766,920	991,285
<i>Operating expenses</i>				
General and administrative	35,195	889,000	332,007	29,841
Personnel expenses	75,171	553,055	562,773	218,880
Contractual services	5,608	7,753	229,374	68,453
Supplies and purchased power	224,932	352,713	52,524	10,483
Repairs and maintenance	4,715	184,600	14,898	29,270
Utilities	5,293	28,231	(4,010)	86,728
Housing assistance payments	-	-	-	315,191
Depreciation expense	268,992	1,462,670	300,341	212,782
Miscellaneous expense	-	-	-	35,634
Total operating expenses	619,906	3,478,022	1,487,907	1,007,262
Operating income (loss)	(286,316)	(996,698)	(720,987)	(15,977)
<i>Non-operating revenues (expenses)</i>				
Taxes	-	259,825	73,058	-
Investment income	-	10,448	2,010	66
Interest expense	-	(179,963)	(2,614)	(53,971)
Miscellaneous income	4,478	96,365	3,427	554
Total non-operating revenues (expenses)	4,478	186,675	75,881	(53,351)
Income (loss) before contributions and transfers	(281,838)	(810,023)	(645,106)	(69,328)
Capital grants	-	-	-	28,667
Transfers in	10,748	1,741,051	724,648	-
Transfers (out)	-	(658,461)	(724,648)	-
Change in net position	(271,090)	272,567	(645,106)	(40,661)
<i>Net position - beginning, as previously reported</i>	3,550,698	18,083,723	(1,599,573)	2,503,213
<i>GASB 75 implementation (Note 21)</i>	(63,437)	(339,555)	(533,214)	(194,539)
<i>Restatement (Note 22)</i>	462,119	2,588,210	530,491	-
Net position - beginning, as restated	3,949,380	20,332,378	(1,602,296)	2,308,674
Net position - end of year	3,678,290	20,604,945	(2,247,402)	2,268,013
	\$			

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
3,778,353	527,248
9,678	-
785,088	-
<u>4,573,119</u>	<u>527,248</u>
1,286,043	40,394
1,409,879	458,444
311,188	5,241
640,652	8,614
233,483	4,840
116,242	9,528
315,191	-
2,244,785	-
35,634	-
<u>6,593,097</u>	<u>527,061</u>
(2,019,978)	187
332,883	-
12,524	-
(236,548)	-
104,824	-
<u>213,683</u>	<u>-</u>
(1,806,295)	187
28,667	-
2,476,447	-
(1,383,109)	-
<u>(684,290)</u>	<u>187</u>
22,538,061	(332,050)
(1,130,745)	(361,926)
3,580,820	-
<u>24,988,136</u>	<u>(693,976)</u>
<u>24,303,846</u>	<u>(693,789)</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Joint Utility	Sanitation	Tucumcari Housing Authority
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ 334,335	2,483,059	924,905	201,399
Cash received from subsidy grants	-	-	-	785,088
Cash payments to employees for services	(34,479)	(819,331)	(277,257)	(222,168)
Cash payments to suppliers for goods and services	(283,339)	(1,427,230)	(532,498)	(587,067)
<i>Net cash provided (used) by operating activities</i>	<u>16,517</u>	<u>236,498</u>	<u>115,150</u>	<u>177,252</u>
<i>Cash flows from noncapital financing activities</i>				
Transfers and Interfund balance settlement	10,748	1,082,590	-	-
Gross receipt taxes	-	259,825	73,058	-
Miscellaneous income	4,478	96,365	3,427	554
<i>Net cash provided (used) by noncapital financing activities</i>	<u>15,226</u>	<u>1,438,780</u>	<u>76,485</u>	<u>554</u>
<i>Cash flows from investing activities</i>				
Reclassification of cash to investments	-	-	-	-
Interest on investments	-	9,514	598	66
<i>Net cash provided (used) by investing activities</i>	<u>-</u>	<u>9,514</u>	<u>598</u>	<u>66</u>
<i>Cash flows from capital and related financing activities</i>				
Acquisition of capital assets	-	(1,217,888)	-	(21,625)
Principal payments on bonds and loans payable	-	(168,260)	-	(17,579)
Capital grants	-	-	-	28,667
Interest paid	-	(166,159)	(2,614)	(54,099)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>(1,552,307)</u>	<u>(2,614)</u>	<u>(64,636)</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	<u>31,743</u>	<u>132,485</u>	<u>189,619</u>	<u>113,236</u>
<i>Cash and cash equivalents - beginning of year, restated</i>	<u>-</u>	<u>3,140,354</u>	<u>580,031</u>	<u>909,567</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>31,743</u></u>	<u><u>3,272,839</u></u>	<u><u>769,650</u></u>	<u><u>1,022,803</u></u>

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
3,943,698	527,248
785,088	-
(1,353,235)	(457,569)
<u>(2,830,134)</u>	<u>(68,987)</u>
545,417	692
1,093,338	-
332,883	-
<u>104,824</u>	<u>-</u>
1,531,045	-
-	-
<u>10,178</u>	<u>-</u>
10,178	-
(1,239,513)	-
(185,839)	-
28,667	-
<u>(222,872)</u>	<u>-</u>
(1,619,557)	-
467,083	692
4,629,952	-
<u>5,097,035</u>	<u>692</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	Joint Utility	Sanitation	Tucumcari Housing Authority
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (286,316)	(996,698)	(720,987)	(15,977)
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>				
Depreciation	268,992	1,462,670	300,341	212,782
Bad debt expense	-	-	-	-
<i>Changes in assets, liabilities, and deferred Outflows:</i>				
Receivables	745	43,693	157,985	(5,793)
Inventory	(7,467)	35,320	-	434
Prepaid expenses	-	(2,489)	-	(104)
Accounts payable	(129)	2,236	(1,388)	24,836
Accrued payroll expenses	-	(12,144)	(3,027)	422
Accrued compensated absences	228	(6,672)	2,241	(3,710)
Unearned revenue	-	(72,586)	-	-
Landfill liability	-	-	93,683	-
Customer deposits	-	30,628	-	724
Pension/OPEB and related accounts	40,464	(247,460)	286,302	(36,362)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 16,517</u>	<u>236,498</u>	<u>115,150</u>	<u>177,252</u>

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
(2,019,978)	187
2,244,785	-
-	-
196,630	-
28,287	-
(2,593)	-
25,555	(370)
(14,749)	1,147
(7,913)	-
(72,586)	-
93,683	-
31,352	-
42,944	(272)
<u>545,417</u>	<u>692</u>

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

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 of Tucumcari is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

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

During the fiscal year 2017, GASB Statement No.77, Tax Abatement Disclosures, became effective. The City does not have any agreements that require disclosures under the standards.

A. Financial Reporting Entity

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. 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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in evaluating potential component units is the scope of 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, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position 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 Position 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 Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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*.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property 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 *EMS Fund* special revenue fund is used 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.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following proprietary funds as major 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

Internal Service Fund accounts for administrative services in connection with billing, collecting and administering enterprise accounts receivable. Services are provided on a cost reimbursement basis.

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 reported in the Statement of Activities.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

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

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

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2018, there are no items are required to be valued using valuation techniques.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

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 San Miguel City and remitted monthly to the City.

The City estimates the allowance for uncollectible accounts based off the days delinquent. The City has estimated all accounts that are greater than 120 days to be uncollectible.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

Inventory: Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

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

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the City during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position 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 and improvements	5- 50
Infrastructure	20
Machinery & Equipment	6
Vehicles	5-20

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has four types of items that qualify for reporting in this category in both the governmental and business-type activities.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has one item which arises under the modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA’s. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

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 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example, inventories, prepaid amounts, long term amount of loans and note receivable or (b) legally or contractually required to be maintained intact; for example, debt service reserves. The City has \$17,888 in nonspendable fund balance at June 30, 2018.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City has \$2,228,148 in restricted fund balances at June 30, 2018.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the City Commission, the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. At a minimum, the budget shall ensure that the City holds cash reserves for budgeted expenditures in excess of revenues of \$545,514.

Assigned – This classification includes amounts that are constrained by the City’s *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City Commission has delegated the authority to assign amounts to be used for specific purposes to the City Manager and the Finance Director. The City has no assigned fund balances at June 30, 2018.

Unassigned – This classification is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. The City has \$2,499,720 in unassigned fund balances at June 30, 2018.

Minimum Fund Balance Policy: The City’s policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. Per DFA – LGD at a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures. The City had minimum fund balance of \$321,541 at June 30, 2018.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications could be used, it is the City’s policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

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

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)

Net Position: Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets: Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of net position 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. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 45 through 46 and 87 through 89.
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "Net Investment in Capital Assets."

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the allowance for uncollectible accounts in the enterprise funds, depreciation on capital assets, net pension liability calculations, the current portion of accrued compensated absences, and the estimate for landfill closure and post closure costs.

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 Commission Members 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 by fund.

Enterprise and internal service fund budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end and carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Governmental fund budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position – 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 accounting principles generally accepted 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, 2018 is presented. Reconciliations between the Non- GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3. DEPOSITS

Section 22-8-40, NMSA 1978 authorizes the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2018.

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 collateralized by the financial institution as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

The City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, is insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$8,847,062 of the City's bank balance of \$9,708,710 was subject to custodial credit risk. \$5,083,099 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$3,763,963 of the City's deposits was uninsured and uncollateralized at June 30, 2018.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 3. DEPOSITS (CONTINUED)

	<u>Citizens Bank</u>	<u>Everyone's Credit Union</u>	<u>First National Bank</u>	<u>Wells Fargo Bank, N.A.</u>
Amount of deposits	\$ 1,565,793	50,000	535,006	7,496,263
FDIC Coverage	(250,000)	(50,000)	(250,000)	(250,000)
Total uninsured public funds	<u>1,315,793</u>	<u>-</u>	<u>285,006</u>	<u>7,246,263</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>700,000</u>	<u>-</u>	<u>195,032</u>	<u>4,188,067</u>
Uninsured and uncollateralized	<u><u>615,793</u></u>	<u><u>-</u></u>	<u><u>89,974</u></u>	<u><u>3,058,195</u></u>
Collateral requirement (50% of uninsured funds)	657,897	-	142,503	3,623,132
Pledged collateral	<u>700,000</u>	<u>-</u>	<u>195,032</u>	<u>4,188,067</u>
Over (Under) collateralized	<u>\$ 42,103</u>	<u>-</u>	<u>52,529</u>	<u>564,935</u>

	Tucumcari Federal Savings & Loan	
	<u>Loan</u>	<u>Total</u>
Amount of deposits	\$ 61,648	9,708,710
FDIC Coverage	<u>(61,648)</u>	<u>(861,648)</u>
Total uninsured public funds	<u>-</u>	<u>8,847,062</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>-</u>	<u>5,083,099</u>
Uninsured and uncollateralized	<u>-</u>	<u>3,763,963</u>
Collateral requirement (50% of uninsured funds)		4,423,532
Pledged collateral	<u>-</u>	<u>5,083,099</u>
Over (Under) collateralized	<u>\$ -</u>	<u>659,567</u>

The collateral pledged is listed in page 86 in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, City or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 3. DEPOSITS (CONTINUED)

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the City's Statement of Net Position as follows:

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents	\$ 7,986,691
Investments	860,174
Restricted cash and cash equivalents	618,967
Total cash and cash equivalents	<u>9,465,832</u>
Add: outstanding checks	292,039
Less: deposits in transit	(19,202)
Less: cash in NMFA	(26,040)
Less: petty cash	(3,919)
Bank balance of deposits	<u>\$ 9,708,710</u>

Investments

The City's investments at June 30, 2018 are \$860,174 of certificates of deposits with initial maturities that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

NOTE 4. RECEIVABLES

Receivable as of June 30, 2018 are as follows:

	<u>General</u>	<u>EMS Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 166,252	-	-	-	166,252
Gross receipts taxes	447,508	-	-	1,242	448,750
Other taxes	-	-	-	84,992	84,992
Intergovernmental grants:					
State	-	-	-	47,462	47,462
Federal	-	-	-	3,843	3,843
Charges for services	-	67,572	-	11,900	79,472
Miscellaneous	127,062	-	-	-	127,062
Totals	<u>\$ 740,822</u>	<u>67,572</u>	<u>-</u>	<u>149,439</u>	<u>957,833</u>

All of the above receivables are deemed to be fully collectible.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 4. RECEIVABLES (CONTINUED)

Proprietary fund receivables as of June 30, 2018, are as follows:

	<u>Airport</u>	<u>Joint Utility</u>	<u>Sanitation</u>	<u>Tucumcari Housing Authority</u>	<u>Total</u>
Utility/tenant receivables	\$ -	254,256	44,667	19,194	318,117
Lass: allowances	-	-	-	(9,751)	(9,751)
Other receivables:					
GRT	-	41,397	7,184	-	48,581
Miscellaneous	4,231	68,860	30,186	-	103,277
Totals	\$ <u>4,231</u>	<u>364,513</u>	<u>82,037</u>	<u>9,443</u>	<u>460,224</u>

NOTE 5. TRANSFERS AND INTERFUND RECEIVABLES

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Lodgers' Tax Promotional Fund	Lodgers Tax Executive Fund	\$ 316,951
EMS Fund	General Fund	241,606
Recreation	General Fund	236,290
Gas Tax	General Fund	59,038
Dispatch	General Fund	17,220
Convention Center Operations and Maintenance	Lodgers Tax Promotional Fund	179,191
Lodgers' Tax GRT Series 2002	Lodgers Tax Executive Fund	155,137
GRT Police Building	General Fund	43,608
Seniors Citizens' Center	General Fund	16,122
Seniors Citizens' Center	General Fund	24,343
Seniors Citizens' Center	General Fund	21,430
Airport	General Fund	10,748
Joint Utility Fund	Joint Utility Fund	1,202,216
Joint Utility Fund	General Fund	39,840
Joint Utility Fund	Joint Utility Water Fund	107,368
Joint Utility Fund	Joint Utility Water Fund	2,899
Joint Utility Fund	Recreation	15,576
Joint Utility Fund	Joint Utility Water Fund	83,476
Joint Utility Fund	Joint Utility Water Fund	7,669
Joint Utility Fund	Joint Utility Waste Water Fund	17,964
Joint Utility Fund	Joint Utility Water Fund	33,553
Joint Utility Fund	Joint Utility Waste Water Fund	230,490
Sanitation Fund	Sanitation Fund	715,353
Joint Utility Fund	Joint Utility Fund	3,164
Sanitation Fund	Sanitation Fund	6,131
		<u>\$ 3,787,383</u>

STATE OF NEW MEXICO
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June 30, 2018

NOTE 5. TRANSFERS AND INTERFUND RECEIVABLES (CONTINUED)

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2018 is as follows:

<u>Due from</u>	<u>Due To</u>	<u>Amount</u>
EMS Fund – Special Revenue Fund	General Fund	\$ 184
1/8% Economic Development Tax	General Fund	117,985
Capital Projects Fund	General Fund	135,706
Co-Op (formerly Lodger’s Tax Acquisition Project)	General Fund	23,380
Golf Course Capital Improvements	General Fund	60,042
Mainstreet & Downtown Capital Improvements	Lodgers’ Tax Executive	70,000
Airport	General Fund	44,665
Joint Utility Fund	General Fund	10,590
Sanitation	General Fund	509,209
Lodger’s Tax Promotional	General Fund	60,977
Law Enforcement Grant	General Fund	9,678
Convention Center Operation and Maintenance	General Fund	8,270
Mapping	General Fund	31,788
Lodger’s Tax GRT	General Fund	55,338
Seniors Citizens’ Center Fund	General Fund	108,305
		<u>\$ 1,246,117</u>

All interfund receivables and payables are required to be paid within one year.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2018

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2017	Additions	Deletions	Reclassification	Transfers	Balance June 30, 2018
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 2,035,838	-	-	-	-	2,035,838
Art	42,296	-	-	-	-	42,296
Construction in progress	199,788	140,758	-	-	(205,841)	134,705
Total capital assets not being depreciated	<u>2,277,922</u>	<u>140,758</u>	<u>-</u>	<u>-</u>	<u>(205,841)</u>	<u>2,212,839</u>
Capital assets being depreciated:						
Buildings and improvements	10,878,861	5,678	-	-	-	10,884,539
Infrastructure	10,155,300	61,284	-	(130,957)	205,841	10,291,468
Machinery and equipment	2,654,253	199,253	-	78,584	-	2,932,090
Vehicles	3,581,884	128,248	-	52,373	-	3,762,505
Total capital assets being depreciated	<u>27,270,298</u>	<u>394,463</u>	<u>-</u>	<u>-</u>	<u>205,841</u>	<u>27,870,602</u>
Accumulated depreciation:						
Buildings and improvements	(8,739,216)	(247,078)	-	-	-	(8,986,294)
Infrastructure	(2,385,305)	(348,820)	-	-	-	(2,734,125)
Machinery and equipment	(1,503,877)	(147,632)	-	-	-	(1,651,509)
Vehicles	(2,865,485)	(255,476)	-	-	-	(3,120,961)
Total accumulated depreciation	<u>(15,493,883)</u>	<u>(999,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,492,889)</u>
Net capital assets being depreciated	<u>11,776,415</u>	<u>(604,543)</u>	<u>-</u>	<u>-</u>	<u>205,841</u>	<u>11,377,713</u>
Net capital assets	<u>\$ 14,054,337</u>	<u>(463,785)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,590,552</u>

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

General government	\$ 99,901
Public safety	259,742
Public works	379,622
Culture and recreation	219,781
Health and welfare	39,960
Total	<u>\$ 999,006</u>

**STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Business-Type Activities:	Balance June 30, 2017	Additions	Deletions	Restatement	Reclassification	Transfers	Balance June 30, 2018
Capital assets not being depreciated:							
Depreciated:							
Land	\$ 1,311,829	-	-	-	-	-	1,311,829
Construction in progress	798,738	1,183,141	-	-	-	(1,916,972)	64,908
Total capital assets not being depreciated	2,110,567	1,183,141	-	-	-	(1,916,972)	1,376,736
Capital assets being depreciated:							
Depreciated:							
Buildings and improvements	17,193,331	25,473	-	839,576	(76,684)	-	17,981,696
Infrastructure	25,893,712	167,287	-	-	(200,911)	1,916,972	27,777,060
Machinery and equipment	7,455,217	12,268	(21,226)	-	(31,314)	-	7,414,945
Vehicles	1,402,112	56,574	-	(133,852)	308,909	-	1,633,743
Total capital assets being depreciated	51,944,372	261,602	(21,226)	705,724	-	1,916,972	54,807,444
Total capital assets	54,054,939	1,444,743	(21,226)	705,724	-	-	56,184,180
Less accumulated depreciation:							
Buildings and improvements	(11,166,964)	(482,739)	-	(173,570)	-	-	(11,823,273)
Infrastructure	(4,901,905)	(1,110,728)	-	-	-	-	(6,012,633)
Machinery and equipment	(4,559,099)	(372,475)	-	-	-	-	(4,931,574)
Vehicles	(1,330,942)	(56,237)	21,226	(49,036)	-	-	(1,414,989)
Total accumulated depreciation	(21,958,910)	(2,022,179)	21,226	(222,606)	-	1,916,972	(24,182,469)
Net capital assets	\$ 32,096,029	(577,436)	-	483,118	-	-	32,001,711

Depreciation expense for the year ended June 30, 2018 was charged to business-type activities as follows:

Airport	\$ 268,992
Joint Utility	1,462,670
Sanitation	300,341
Tucumcari Housing	212,782
Total	\$ 2,244,785

**STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT

Governmental Activities

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 580,000	-	(139,000)	441,000	143,000
NMFA loans	584,323	-	(39,688)	544,635	40,954
Compensated absences	94,169	130,465	(114,663)	109,971	33,000
Total Long-Term Debt	<u>\$ 1,258,492</u>	<u>130,465</u>	<u>(293,351)</u>	<u>1,095,606</u>	<u>216,954</u>

Bonds

The City has the following revenue bond outstanding as of June 30, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Pledged Revenues</u>
Series 2011 Revenue Bond	8/5/2011	6/1/2021	.470-3.160%	1,370,000	441,000	Lodgers tax

Annual debt service requirements to maturity for the revenue bond is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 143,000	12,810	155,810
2020	147,000	9,035	156,035
2021	151,000	4,772	155,772
	<u>\$ 441,000</u>	<u>26,617</u>	<u>467,617</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

NMFA Loans

NMFA loans outstanding at June 30, 2018 are comprised of the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Pledged Revenues</u>
NMFA Swimming Pool #15	11/22/2006	5/1/2026	3.420-4.200%	\$ 265,470	\$ 116,717	Gross receipts tax
NMFA Police Facility #5	2/21/2003	5/1/2031	1.390-4.960%	735,744	427,918	Gross receipts tax

The City entered into two loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from gross receipts taxes to cover debt service. This revenue is subject to intercept agreements.

Annual debt service requirements to maturity for the NMFA loans are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 40,954	16,695	57,649
2020	40,954	15,641	56,595
2021	42,121	14,518	56,639
2022	43,361	13,326	56,687
2023	44,673	12,060	56,733
2024-2028	214,376	38,911	253,287
2029-2031	118,196	4,980	123,176
	<u>\$ 544,635</u>	<u>116,131</u>	<u>660,766</u>

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2018, compensated absences increased by \$15,802 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-Type Activities

The proprietary funds have 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, 2018:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 4,394,836	-	(61,503)	4,333,333	78,890
NMFA loans	1,474,176	-	(99,329)	1,374,847	105,485
NMED loans	85,703	-	(7,428)	78,275	7,500
USDA loan - FmHA	626,203	-	(17,579)	608,624	19,000
Compensated absences	49,456	48,545	(56,458)	41,543	12,971
Total Long-Term Debt	<u>\$ 6,630,374</u>	<u>48,545</u>	<u>(242,297)</u>	<u>6,436,622</u>	<u>223,846</u>

Bonds

The City has the following revenue bonds outstanding as of June 30, 2018:

<u>Description</u>	<u>Date of</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2018</u>	<u>Pledged</u> <u>Revenues</u>
USDA/RUS 2005	12/15/2009	12/15/2045	4.250%	\$ 615,200	\$ 559,347	Joint water and sanitary sewer system
USDA/RUS 2007A	12/12/2007	12/12/2047	4.250%	1,283,000	1,128,410	Joint water and sanitary sewer system
USDA/RUS 2007B	2/12/2007	12/12/2047	4.375%	250,000	220,590	Joint water and sanitary sewer system
USDA/RUS 2008A	12/17/2008	12/17/2048	4.500%	564,486	507,386	Joint water and sanitary sewer system
USDA/RUS 2010	4/2/2010	4/2/2050	2.750%	2,188,000	1,917,600	Joint water and sanitary sewer system

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Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 78,890	155,076	233,966
2020	82,380	152,388	234,768
2021	84,790	149,325	234,115
2022	88,360	146,265	234,625
2023	91,070	143,111	234,181
2024-2028	507,710	746,115	1,253,825
2029-2033	606,920	664,295	1,271,215
2034-2038	725,030	565,521	1,290,551
2039-2043	868,950	303,163	1,172,113
2044-2048	949,000	132,921	1,081,921
2049-2050	250,233	8,577	258,810
	<u>\$ 4,333,333</u>	<u>3,166,757</u>	<u>7,500,090</u>

NMFA Loans

NMFA Loans outstanding at June 30, 2018 are comprised of the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Pledged Revenues</u>
NMFA Tucumcari #28	11/7/2014	6/1/2034	0.250%	\$ 222,427	\$ 182,685	Water and waste water utility system
NMFA Tucumcari #2	11/1/2001	4/1/2021	0.009%	483,617	75,115	Water and waste water utility system
NMFA Tucumcari #26	4/19/2013	6/1/2034	0.250%	394,750	338,113	Water and waste water utility system
NMFA Tucumcari #18	5/1/2009	6/1/2029	0.250%	350,000	194,665	Water and waste water utility system
NMFA Tucumcari #25	4/19/2013	6/1/2034	0.250%	225,643	206,065	Water and waste water utility system
NMFA Tucumcari #17	1/30/2009	2/1/2030	0.250%	50,480	26,334	Water and waste water utility system
NMFA Tucumcari #31	4/29/2016	5/1/2038	0.250%	363,472	351,870	Water and waste water utility system

**STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the NMFA loans are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2019	\$ 105,485	3,911	109,396
2020	105,982	3,480	109,462
2021	103,442	3,040	106,482
2022	80,333	2,679	83,012
2023	80,533	2,478	83,011
2024-2028	405,696	9,360	415,056
2029-2033	325,251	4,600	329,851
2034-2038	168,125	1,052	169,177
	<u>\$ 1,374,847</u>	<u>30,600</u>	<u>1,405,447</u>

NMED Loans

The NMED loans outstanding as of June 30, 2018 were comprised of the following:

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue	Outstanding June 30, 2018	Pledged Revenues
NMED Water Well	6/13/2002	12/20/2023	3.00%	\$ 43,125	\$ 13,275	Water and waste water utility system
NMED ARRA 16 Phase III	1/30/2013	1/30/2031	0.000%	100,000	65,000	Water and waste water utility system

Annual debt service requirements to maturity for the NMFA loans are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2019	\$ 7,500	398	7,898
2020	7,575	323	7,898
2021	7,653	246	7,899
2022	7,733	166	7,899
2023	7,814	84	7,898
2024-2028	25,000	-	25,000
2029-2031	15,000	-	15,000
	<u>\$ 78,275</u>	<u>1,217</u>	<u>79,492</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 7. LONG-TERM DEBT (CONTINUED)

USDA Loan

The City had the following USDA loan outstanding as of June 30, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Subsidy Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2018</u>
USDA Loan FmHA	5/27/1999	5/27/2034	1.000%	8.875%	\$ 798,000	\$ 608,624

Annual debt service requirements to maturity for the USDA loan is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 19,000	52,498	71,498
2020	20,927	50,750	71,677
2021	22,833	48,844	71,677
2022	24,914	46,764	71,678
2023	27,183	44,494	71,677
2024-2028	177,890	180,497	358,387
2029-2033	275,085	83,303	358,388
2034	40,792	1,193	41,985
	<u>\$ 608,624</u>	<u>508,343</u>	<u>1,116,967</u>

NOTE 8. OPERATING LEASE

The City leases a John Deere Dozer under an operating lease. At June 30, 2018, future minimum lease payments applicable to the operating lease were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,292	4,896	70,188
2020	65,292	4,896	70,188
2021	65,292	4,896	70,188
2022	65,292	4,896	70,188
2023	43,528	3,264	46,792
	<u>\$ 304,696</u>	<u>22,848</u>	<u>327,544</u>

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self- Insurers' Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
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NOTE 9. RISK MANAGEMENT (CONTINUED)

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-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim

At June 30, 2018, 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.

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance and net position of individual funds. The following fund reflected a deficit fund balance or net position as of June 30, 2018:

Governmental Funds

Nonmajor Funds

Lodger's tax promotional fund	\$	(60,977)
Law enforcement grant fund		(9,678)
John Hoffman fund		(9,027)
Golf course capital improvement fund		(51,992)
Co-Op fund		(23,380)
Mapping		(31,788)
Main street and downtown capital improvement		<u>(21,663)</u>
Total Governmental Funds	\$	<u>(208,505)</u>

Proprietary Funds

Sanitation	\$	(2,247,402)
Internal Service Fund		<u>(693,789)</u>
Total Proprietary Funds	\$	<u>(2,941,191)</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions; and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978); the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978); the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978, and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

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June 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions. See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors as of July 1, 2017						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Division Municipal General, at June 30, 2018, the City reported a liability of \$4,350,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City’s proportion was 0.3166%, which was a decrease of 0.0257% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$508,128. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 170,939	\$ 222,812
Effect of changes in assumptions	200,616	44,955
Differences between actual and expected projected earnings on plan investments	356,920	-
Changes in proportion and differences between the City’s contributions and proportionate share of contributions	89,750	218,427
Contributions subsequent to the measurement date	<u>262,430</u>	<u>-</u>
Total	<u>\$ 1,080,655</u>	<u>\$ 486,194</u>

\$262,430 reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 105,107
2020	337,045
2021	(5,812)
2022	(104,309)
2023	-
Total	<u>\$ 332,031</u>

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For PERA Fund Municipal Police Division, at June 30, 2018, the City reported a liability of \$1,209,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City’s proportion was 0.2177%, which was an increase of 0.034% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$93,476. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 73,457	\$ 225,977
Effect of changes in assumptions	71,959	28,124
Differences between actual and expected projected earnings on plan investments	97,406	-
Changes in proportion and differences between the City’s contributions and proportionate share of contributions	51,469	174,762
Contributions subsequent to the measurement date	<u>102,482</u>	<u>-</u>
Total	<u>\$ 396,773</u>	<u>\$ 428,863</u>

\$102,482 reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (59,861)
2020	28,251
2021	(74,482)
2022	(28,480)
2023	-
Total	<u>\$ (134,572)</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefits	100 years
Payroll Growth	2.75% for first 9 years, then 3.25% annual rate
Includes inflation at	2.25% annual rate first 9 years 2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	<u>100.00%</u>	

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate. A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present The City’s net pension liability in each PERA Fund Division that The City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
PERA Fund Municipal General Division			
City’s proportionate share of the net pension liability	\$ 6,818,438	4,350,352	2,297,795
	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
PERA Fund Municipal Police Division			
City’s proportionate share of the net pension liability	\$ 1,928,763	1,209,466	619,176

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. The City remits the legally required employer and employee contributions on a monthly basis to PERA. At June 30, 2018, the City had remitted all contributions withheld in the month of June 2018.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan description. Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active Membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$175,146 for the year ended June 30, 2018.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a liability of \$3,527,001 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City's proportion was 0.07783 percent.

For the year ended June 30, 2018, the City recognized OPEB expense of \$140,222. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	135,348
Changes of assumptions	-	616,651
Net difference between projected and actual earnings on OPEB plan investments	-	50,736
Contributions made after the measurement date	<u>67,371</u>	<u>-</u>
Total	<u>\$ 67,371</u>	<u>802,735</u>

Deferred outflows of resources totaling \$67,371 represent City's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (170,668)
2020	(170,668)
2021	(170,668)
2022	(170,668)
2023	<u>(120,063)</u>
Total	<u>\$ (802,735)</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029.

Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	<u>1% Decrease</u> (2.81%)	<u>Current Discount Rate</u> (3.81%)	<u>1% Increase</u> (4.81%)
City’s proportionate share of the OPEB liability	\$ 4,278,197	3,527,043	2,937,620

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	\$ 2,999,957	3,527,043	3,937,965

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the City reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 13. CONTINGENT LIABILITIES

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2018 in the remaining cases.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financial Statements
June 30, 2018**

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 15. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The liability for closure and post-closure care costs reflected in the Solid Waste Fund of \$4,131,920 is an estimate of the remaining liability as of June 30, 2018 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 \$3,084,645. The total closure and post-closure costs for both landfills are estimated to be \$4,131,920.

As outlined in 20 NMAC 9.1 502.B, post closure maintenance activities will continue for a period of 30 years after original closure of the landfill. Inspection and maintenance reports will be compiled by the City of Tucumcari and submitted to the NMED in the annual monitoring reports. Periodically, the City will obtain an updated Closure and Post Closure Care plan in which the estimated liability has the potential to change due to inflation or deflation, technology, or applicable laws or regulations.

NOTE 16. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is June 17, 2019, which is the date on which the financial statements were issued.

NOTE 17. RESTRICTED NET POSITION

The government-wide statement of net position reports \$2,228,148 of restricted net position, all of which is restricted by enabling legislation. See pages 70 through 72 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

NOTE 18. CONCENTRATIONS

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 19. COMMITMENTS

The City has various construction and purchase commitments as of June 30, 2018. The funding to cover the various commitments was grant funding, bond and/or note proceeds, including bonds, grants, and cash reserves.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018**

NOTE 20. JOINT POWERS AGREEMENTS

<p>Agreement: Participants with City:</p>	<p>Multi-Jurisdictional Task Force City of Clovis, City of Texico, Village of Melrose, County of Quay, City of Tukumcari, City of Logan, Village of San Jon, County of De Baca, 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</p>
<p>Party responsible for operation: Description:</p>	<p>City of Tukumcari and Quay County Government Establish a joint Multi-Jurisdictional Task Force for the prevention, investigation, control and prosecution as unlawful drugs, narcotics and controlled substances within a region.</p>
<p>Period: Cost to City: City contributions: Audit responsibility:</p>	<p>February 3, 2006 until termination Indeterminate Indeterminate None</p>
<p>Agreement: Participants with City: Party responsible for operation: Description:</p>	<p>Emergency Communications Center City of Tukumcari and Quay County Government All Agencies Establish the Tukumcari/Quay 911 Regional Emergency Communications Center</p>
<p>Period: Cost to City: City contributions: Audit responsibility:</p>	<p>Until terminated Indeterminate Indeterminate None</p>
<p>Agreement: Participants with City:</p>	<p>Water Commission City of Clovis, City of Tukumcari, City of Portales, Village of San Jon Logan, Texico, Village of Melrose, County of Quay, City of Tukumcari, City of Logan, County of De Baca, City of Ft. Sumner, County of Roosevelt, Eastern New Mexico University, Village of Elida, Guadalupe County, City of Santa Rosa and Village of Vaughn, and New Mexico State Police</p>
<p>Party responsible for operation: Description:</p>	<p>All Agencies Establish the Tukumcari/Quay 911 Regional Emergency Communications Center</p>
<p>Period: Cost to City: City contributions: Audit responsibility:</p>	<p>Until terminated Indeterminate Indeterminate None</p>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018**

NOTE 20. JOINT POWERS AGREEMENTS (CONTINUED)

Agreement:	TOCRWA
Participants with City:	City of Tucumcari, San Jon, and Logan; and Quay County
Party responsible for operation:	All Agencies
Description:	Tucumcari Quay County Regional Water Authority
Period:	December 19, 2011 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	City Prisoner Housing
Participants with City:	Quay County and City of Tucumcari
Party responsible for operation:	All Agencies
Description:	Housing of City Prisoners by Quay County Detention
Period:	January 1, 2014 until January 1, 2018
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	Quay County Gaming Authority
Participants with City:	City of Logan, Village of San Jon, City of Tucumcari, and Quay County
Party responsible for operation:	All Agencies
Description:	Establish the Quay County Gaming Authority in order to pursue the acquisition of license and ownership of a race track and casino to spur economic development in Quay County
Period:	April 17, 2007 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	DuraPatcher Road Equipment
Participants with City:	City of Tucumcari and Quay County
Party responsible for operation:	All Agencies
Description:	Jointly purchase, operate, and maintain DuraPatcher road equipment.
Period:	December 1, 2005 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None

NOTE 21. CHANGE IN ACCOUNTING PRINCIPLE

The City's net position as of July 1, 2017 was decreased by \$4,189,519 reflecting the cumulative retrospective effect of the adoption of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*) and was recorded as a prior period adjustment.

STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to the Financials Statements
June 30, 2018

NOTE 22. RESTATEMENTS

The City recorded restatements of fund balances and net position during the fiscal year ended June 30, 2018 due to overstatement of accounts payable for Joint Utility of \$3,259,242, unrecorded capital assets and issues related to allocation of cash between funds. The details at fund level are as follows:

Governmental Activities

General Fund	\$ 927,175
EMS Fund-Special Revenue Fund	(272,161)
Capital Project Fund	208,757
Other Governmental Funds	20,584
	<u>884,355</u>

Business-Type Activities

Airport	462,119
Joint Utility	2,588,210
Sanitation	530,491
	<u>3,580,820</u>

Total	\$ <u><u>4,465,175</u></u>
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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Fiscal Year Measurement Year	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability	0.3166%	0.3423%	0.3336%	0.3199%
City's proportionate share of the net pension liability	\$ 4,350,352	5,468,802	3,401,341	2,495,563
City's covered-employee payroll	2,781,385	2,897,089	2,239,005	3,148,428
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.41%	188.77%	151.91%	79.26%
Plan fiduciary net position as a percentage of the total pension liability	74.73%	69.18%	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
See notes to requires supplementary information.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Proportionate Share of the Net Pension Liability
of PERA Fund Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

Fiscal Year Measurement Year	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability	0.2177%	0.2517%	0.2598%	0.2598%
City's proportionate share of the net pension liability	\$ 1,209,466	1,857,117	1,106,931	846,920
City's covered-employee payroll	450,564	512,397	723,317	545,292
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	268.43%	362.44%	153.04%	155.31%
Plan fiduciary net position as a percentage of the total pension liability	74.73%	69.18%	76.99%	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
See notes to requires supplementary information.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	Fiscal Year	2018	2017	2016	2015
	Measurement Year	2017	2016	2015	2014
Contractually required contribution	\$	262,430	265,622	276,672	213,825
Contributions in relation to the contractually required contribution		<u>(262,430)</u>	<u>(265,622)</u>	<u>(276,672)</u>	<u>(213,825)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll		2,748,420	2,781,385	2,897,089	2,239,005
Contributions as a percentage of covered-employee payroll		9.55%	9.55%	9.55%	9.55%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
See notes to requires supplementary information.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	Fiscal Year Measurement Year	2018 2017	2017 2016	2016 2015	2015 2014
Contractually required contribution	\$	102,482	85,167	96,843	136,707
Contributions in relation to the contractually required contribution		<u>(102,482)</u>	<u>(85,167)</u>	<u>(96,843)</u>	<u>(136,707)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll		542,232	450,564	512,397	723,317
Contributions as a percentage of covered-employee payroll		18.90%	18.90%	18.90%	18.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
See notes to requires supplementary information.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Proportionate Share of the Net OPEB Liability
of NMRHC Fund
New Mexico Retiree Health Care (NMRHC) Plan
Last 10 Fiscal Years*

	Fiscal Measurement	2018 2017
City of Tucumcari' proportion of the net OPEB liability		0.07783%
City of Tucumari' proportionate share of the net OPEB liability	\$	3,527,001
City of Tucumcari covered payroll		3,242,123
City of Tucumcari proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
See notes to requires supplementary information.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of the City's Contributions
New Mexico Retiree Health Care (NMRHC) Plan
Last 10 Fiscal Years*

	Fiscal Measurement	2018 2017
		<u> </u>
Contractually required contribution	\$	247,147
Contributions in relation to the contractually required contribution		<u>124,040</u>
Contribution deficiency (excess)	\$	<u><u>123,107</u></u>
City of Tucumcari' covered payroll		3,242,123
Contribution as a percentage of covered-employee payroll		3.83%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.
 See notes to requires supplementary information.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to Required Supplementary Information
June 30, 2018**

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at: http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>. See the notes to the financial statements on the CAFR pages 69-71 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*Refer to the RHCA Report for the OPEB related notes.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Nonmajor Governmental Fund and Proprietary Fund Descriptions
June 30, 2018**

Special Revenue Funds

The Fire Districts (02045) – 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 (02054) – 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.

Lodgers' Tax Executive Fund (02040) – 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.

Lodgers' Tax Promotional Fund (02000-041) – To account for the operation of promotional activities 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 (02000-042) –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.)

Senior Citizens' Center Fund (20000) – To account for the operations of the City's Senior 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 Commission and budget approval.

Corrections (0200-044) – 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 (02046) – 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 Commission approval. This fund is authorized by 7-12-15 NMSA 1978.

Gas Tax Fund (02047) – To account for funds used to maintain roads for which the City is responsible. Financing sources include gasoline taxes imposed by Chapter 7, Article 13 NMSA 1978 and distributed to the City pursuant to 7- 1-6.9 NMSA 1978 and New Mexico State Highway Department Cooperative Agreement Funds as provided for in 67-3- 28 NMSA 1978. Expenditures are restricted for the purpose of construction, reconstruction, resurfacing or other improvement of public roads, streets, alleys or bridges, including right-of-way and materials acquisition.

Law Enforcement Grant Fund (02000-048) – 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.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Nonmajor Governmental Fund and Proprietary Fund Descriptions
June 30, 2018**

Special Revenue Funds (continued)

Enhanced 911 Grant Fund (02000-049) – 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 Commission and budget approval.

Traffic Safety Education and Enforcement Fund (02000-051) – 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 Operations and Maintenance Fund (02053) – To account for monies received and expended for the operations and maintenance of the Convention Center. Additional funding comes from the Lodgers' Tax Fund. This fund is authorized by NMSA 3-38-15.

John D. Hoffman Endowment (18079) - 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 Commission 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 Commission and budget approval.

Police Narcotics Fund (1900) - 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.

Dispatch Fund (02000-052) – To account for the operations of the City's Dispatch Services. The source of funding is the charges for dispatch services. Expenditures are subject to approval of the City Commission. This fund is authorized by NMSA 1978.

Capital Projects Funds

Golf Course (03000-037) – 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 Commission and budget approval.

CO-OP (03000-035) (formerly Lodgers' Tax Acquisition Project) – To account for the expenditures of the proceeds of the Municipal Gross Receipts and Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-31-1C and 3-31-4A, NMSA 1978.

Convention Center (03000-036) – Required by the Lodgers' Tax Improvement Bonds Ordinance. The City is required to transfer 5% of annual pledged Lodgers' 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 Commission and budget approval.

MAPPING (03000-032) – To account for Municipal Arterial Program Fund from NMDOT, to construct or rehabilitate major arterial roads. This program is authorized under NMSA 1978, Sections 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12, and approved by commission by resolution and agreement. This is normally a bi-annual program depending on available funding.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Nonmajor Governmental Fund and Proprietary Fund Descriptions
June 30, 2018**

Capital Projects Funds (continued)

CDBG (03000-034)- To account for a Community Development Block Grant from the State of New Mexico and the Department of Housing and Urban Development to develop viable urban communities by providing decent housing and suitable living environment, and by expanding economic opportunities, principally for low- and moderate- income persons. This program is authorized under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

Mainstreet & Downtown Capital Improvements (03000-038) (Formerly NMRDRC Fund) – To account for funds used to develop a city industrial park. Funding is primarily from an anticipated federal grant. Authority to create this fund was granted from the City Council and budget approval.

Debt Service Funds

Lodgers' Tax GRT Series 2002 Fund (14000) – To account for the expenditure of the proceeds of the Municipal Gross Receipts and Lodgers; Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-31- 4A, NMSA 1978.

GRT Police Building Fund (14095) - To accumulate the intercepted Gross Receipts Tax (GRT) used to service the issue and to account for the retirement of the principal and interest of the issue as well as account for the required debt service reserve in the amount of \$35,744. The proceeds from this issue are being used for the construction of a new Tucumcari Police Department Building. The intercepted GRT funds are from the distribution of the revenues of the third one-sixteenth of one percent increment of Municipal Infrastructure Gross Receipts Tax, enacted pursuant to Section 7-19D-11 and City of Tucumcari Ordinance No. 843, adopted by the City of Tucumcari on March 30, 1992, as amended by Ordinance No. 970, adopted by the City on October 24, 2002, which distributions are made monthly by the New Mexico Taxation and Revenue Department.

STATE OF NEW MEXICO
City of Tucumcari
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
		1/8th		
	Fire Districts	Economic	Lodgers' Tax	Lodgers' Tax
	Fund	Development	Executive Fund	Promotional
		Tax Fund		Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 126,676	151,371	673,608	-
Investments	104,458	323,271	-	-
Receivables	-	1,242	34,515	-
Due from other funds	-	-	70,000	-
<i>Total assets</i>	<u>\$ 231,134</u>	<u>475,884</u>	<u>778,123</u>	<u>-</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	117,985	-	60,977
<i>Total liabilities</i>	<u>-</u>	<u>117,985</u>	<u>-</u>	<u>60,977</u>
<i>Fund balances</i>				
Restricted for:				
Public safety	231,134	-	-	-
Public works	-	357,899	-	-
Culture and recreation	-	-	778,123	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(60,977)
<i>Total fund balances</i>	<u>231,134</u>	<u>357,899</u>	<u>778,123</u>	<u>(60,977)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 231,134</u>	<u>475,884</u>	<u>778,123</u>	<u>-</u>

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

Special Revenue

Fire/ Emergency Management Fund	Senior Citizen's Center Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Law Enforcement Grant Fund
-	214,244	13,995	42,254	6,422	-
-	-	-	-	-	-
-	47,462	-	-	50,477	-
-	-	-	-	-	-
-	<u>261,706</u>	<u>13,995</u>	<u>42,254</u>	<u>56,899</u>	<u>-</u>
-	1,739	943	-	-	-
-	3,073	-	1,708	3,348	-
-	-	-	-	-	-
-	<u>108,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,678</u>
-	<u>113,117</u>	<u>943</u>	<u>1,708</u>	<u>3,348</u>	<u>9,678</u>
-	-	13,052	-	-	-
-	-	-	-	53,551	-
-	-	-	40,546	-	-
-	148,589	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(9,678)
-	<u>148,589</u>	<u>13,052</u>	<u>40,546</u>	<u>53,551</u>	<u>(9,678)</u>
-	<u>261,706</u>	<u>13,995</u>	<u>42,254</u>	<u>56,899</u>	<u>-</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			
	Enhanced 911	Traffic Safety	Convention Center	John D. Hoffman
	Fund	Education and	Operation and	
	Fund	Enforcement	Maintenance	Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 4,839	-	-	1,010
Investments	-	-	-	-
Receivables	-	-	2,194	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 4,839</u>	<u>-</u>	<u>2,194</u>	<u>1,010</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	1,420	-
Deposits payable	-	-	1,531	-
Due to other funds	-	-	8,270	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>11,221</u>	<u>-</u>
<i>Fund balances</i>				
Restricted for:				
Public safety	4,839	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	(9,027)	1,010
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>4,839</u>	<u>-</u>	<u>(9,027)</u>	<u>1,010</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4,839</u>	<u>-</u>	<u>2,194</u>	<u>1,010</u>

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

Special Revenue		Capital Projects			
Police Narcotics Fund	Dispatch Fund	Golf Course Capital Improvement Fund	Co-Op Fund (Formerly Lodgers' Tax Acquisition)	Convention Center Capital Improvements	Mapping
39,098	2,030	-	-	-	-
-	-	-	-	-	-
-	1,656	8,050	-	-	-
-	-	-	-	-	-
<u>39,098</u>	<u>3,686</u>	<u>8,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>60,042</u>	<u>23,380</u>	<u>-</u>	<u>31,788</u>
<u>-</u>	<u>-</u>	<u>60,042</u>	<u>23,380</u>	<u>-</u>	<u>31,788</u>
39,098	3,686	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(51,992)</u>	<u>(23,380)</u>	<u>-</u>	<u>(31,788)</u>
<u>39,098</u>	<u>3,686</u>	<u>(51,992)</u>	<u>(23,380)</u>	<u>-</u>	<u>(31,788)</u>
<u>39,098</u>	<u>3,686</u>	<u>8,050</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

STATE OF NEW MEXICO
City of Tucumcari
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	<u>Capital Projects</u>		<u>Debt Service</u>	
	<u>CDBG Grant Fund</u>	<u>Mainstreet & Downtown Capital Improvements (formerly NMRDRC Grant Fund)</u>	<u>Lodgers' Tax GRT Series 2002 Fund</u>	<u>GRT Police Building</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 167,092	48,337	318,154	55,338
Investments	-	-	-	-
Receivables	3,843	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 170,935</u>	<u>48,337</u>	<u>318,154</u>	<u>55,338</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	70,000	55,338	-
<i>Total liabilities</i>	<u>-</u>	<u>70,000</u>	<u>55,338</u>	<u>-</u>
<i>Fund balances</i>				
Restricted for:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	170,935	-	-	-
Debt service	-	-	-	55,338
Unassigned	-	(21,663)	262,816	-
<i>Total fund balances</i>	<u>170,935</u>	<u>(21,663)</u>	<u>262,816</u>	<u>55,338</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 170,935</u>	<u>48,337</u>	<u>318,154</u>	<u>55,338</u>

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

**Total Nonmajor
Governmental
Funds**

1,864,468
427,729
149,439
70,000
<hr/>
2,511,636
<hr/> <hr/>

2,682
9,549
1,531
545,763
<hr/>
559,525
<hr/>

291,809
411,450
810,652
148,589
170,935
55,338
63,338
<hr/>
1,952,111
<hr/>
2,511,636
<hr/> <hr/>

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 Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Fire Districts Fund	1/8th Economic Development Tax Fund	Lodgers' Tax Executive Fund	Lodgers' Tax Promotional Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	110,464	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	601,560	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	262,815	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	1,991	1,155	-
Miscellaneous	1,125	-	-	-
<i>Total revenues</i>	<u>263,940</u>	<u>112,455</u>	<u>602,715</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Public safety	117,660	-	-	-
Public works	-	102,457	-	-
Culture and recreation	-	-	52,088	135,779
Health and welfare	-	-	-	-
Capital outlay	75,338	-	1,465	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>192,998</u>	<u>102,457</u>	<u>53,553</u>	<u>135,779</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>70,942</u>	<u>9,998</u>	<u>549,162</u>	<u>(135,779)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	316,951
Transfers out	-	-	(472,088)	(179,191)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(472,088)</u>	<u>137,760</u>
<i>Net change in fund balances</i>	<u>70,942</u>	<u>9,998</u>	<u>77,074</u>	<u>1,981</u>
<i>Fund balances - beginning of year, as previously reported</i>	246,888	232,242	389,654	144,905
<i>Fund balances - restatement (Note 22)</i>	<u>(86,696)</u>	<u>115,659</u>	<u>311,395</u>	<u>(207,863)</u>
<i>Fund balances - beginning of year, as restated</i>	<u>160,192</u>	<u>347,901</u>	<u>701,049</u>	<u>(62,958)</u>
<i>Fund balances - end of year</i>	<u>\$ 231,134</u>	<u>357,899</u>	<u>778,123</u>	<u>(60,977)</u>

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

Special Revenue

<u>Fire/ Emergency Management Fund</u>	<u>Senior Citizen's Center Fund</u>	<u>Corrections Fund</u>	<u>Recreation Fund</u>	<u>Gas Tax Fund</u>	<u>Law Enforcement Grant Fund</u>
-	-	-	-	-	-
-	-	-	-	277,697	-
-	-	-	-	-	-
-	53,516	-	-	-	-
-	287,283	-	-	-	-
-	-	-	-	-	-
-	35,800	-	-	-	23,600
-	-	10,706	18,901	-	-
-	-	-	-	-	-
-	32,737	-	-	-	-
<u>-</u>	<u>409,336</u>	<u>10,706</u>	<u>18,901</u>	<u>277,697</u>	<u>23,600</u>
-	-	-	-	-	-
-	-	-	-	336,145	-
-	-	-	238,147	-	-
-	381,186	-	-	-	-
-	31,903	-	-	-	28,439
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>413,089</u>	<u>-</u>	<u>238,147</u>	<u>336,145</u>	<u>28,439</u>
-	-	-	-	-	-
-	(3,753)	10,706	(219,246)	(58,448)	(4,839)
-	61,895	-	236,290	59,038	-
-	-	-	(15,576)	-	-
-	61,895	-	220,714	59,038	-
-	58,142	10,706	1,468	590	(4,839)
916	38,036	1,862	39,124	52,961	4,839
(916)	52,411	484	(46)	-	(9,678)
-	90,447	2,346	39,078	52,961	(4,839)
<u>-</u>	<u>148,589</u>	<u>13,052</u>	<u>40,546</u>	<u>53,551</u>	<u>(9,678)</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 Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			
	Enhanced 911 Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund	John D. Hoffman Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	47,772	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	2
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>47,772</u>	<u>2</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	226,101	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>226,101</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(178,329)</u>	<u>2</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	179,191	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>179,191</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>862</u>	<u>2</u>
<i>Fund balances - beginning of year, as previously reported</i>	1,095	1,186	37,204	1,058
<i>Fund balances - restatement (Note 22)</i>	<u>3,744</u>	<u>(1,186)</u>	<u>(47,093)</u>	<u>(50)</u>
<i>Fund balances - beginning of year, as restated</i>	<u>4,839</u>	<u>-</u>	<u>(9,889)</u>	<u>1,008</u>
<i>Fund balances - end of year</i>	<u>\$ 4,839</u>	<u>-</u>	<u>(9,027)</u>	<u>1,010</u>

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

Special Revenue		Capital Projects			
Police Narcotics Fund	Dispatch Fund	Golf Course Capital Improvement Fund	Co-Op Fund (Formerly Lodgers' Tax Acquisition)	Convention Center Capital Improvements	Mapping
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	36,820	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	13,265	10,675	-	-	-
46	-	-	-	-	-
12,905	-	-	-	-	-
<u>12,951</u>	<u>13,265</u>	<u>10,675</u>	<u>36,820</u>	<u>-</u>	<u>-</u>
12,170	30,506	-	-	-	-
-	-	-	37,006	-	31,788
-	-	-	-	-	-
-	-	-	-	-	-
-	-	13,193	-	-	-
-	-	7,000	-	-	-
-	-	1,155	-	-	-
<u>12,170</u>	<u>30,506</u>	<u>21,348</u>	<u>37,006</u>	<u>-</u>	<u>31,788</u>
<u>781</u>	<u>(17,241)</u>	<u>(10,673)</u>	<u>(186)</u>	<u>-</u>	<u>(31,788)</u>
-	17,220	-	-	-	-
-	-	-	-	-	-
-	17,220	-	-	-	-
<u>781</u>	<u>(21)</u>	<u>(10,673)</u>	<u>(186)</u>	<u>-</u>	<u>(31,788)</u>
12,453	(229)	(27,788)	(23,194)	7,918	30,067
<u>25,864</u>	<u>3,936</u>	<u>(13,531)</u>	<u>-</u>	<u>(7,918)</u>	<u>(30,067)</u>
<u>38,317</u>	<u>3,707</u>	<u>(41,319)</u>	<u>(23,194)</u>	<u>-</u>	<u>-</u>
<u>39,098</u>	<u>3,686</u>	<u>(51,992)</u>	<u>(23,380)</u>	<u>-</u>	<u>(31,788)</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 Governmental Funds
For the Year Ended June 30, 2018

	Capital Projects		Debt Service		Total Nonmajor Governmental Funds
	CDBG Grant Fund	Mainstreet & Downtown Capital Improvements (formerly NMRDRC Grant Fund)	Lodgers' Tax GRT Series 2002 Fund	GRT Police Building	
<i>Revenues</i>					
Taxes:					
Gross receipts	\$ -	-	-	-	110,464
Gasoline and motor vehicle	-	-	-	-	277,697
Other	-	-	-	-	601,560
Intergovernmental:					
Federal operating grants	-	-	-	-	90,336
State operating grants	-	-	-	-	550,098
Federal capital grants	3,843	-	-	-	3,843
State capital grants	-	64,937	-	-	124,337
Charges for services	-	-	-	-	101,319
Investment income	-	-	-	-	3,192
Miscellaneous	-	-	-	-	46,769
<i>Total revenues</i>	<u>3,843</u>	<u>64,937</u>	<u>-</u>	<u>-</u>	<u>1,909,615</u>
<i>Expenditures</i>					
Current:					
Public safety	-	-	-	-	160,336
Public works	7,859	58,049	-	-	573,304
Culture and recreation	-	-	-	-	652,115
Health and welfare	-	-	-	-	381,186
Capital outlay	-	-	-	-	150,338
Debt service:					
Principal	-	-	139,333	32,355	178,688
Interest	-	-	15,804	22,771	39,730
<i>Total expenditures</i>	<u>7,859</u>	<u>58,049</u>	<u>155,137</u>	<u>55,126</u>	<u>2,135,697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,016)</u>	<u>6,888</u>	<u>(155,137)</u>	<u>(55,126)</u>	<u>(226,082)</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	155,137	43,608	1,069,330
Transfers out	-	-	-	-	(666,855)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>155,137</u>	<u>43,608</u>	<u>402,475</u>
<i>Net change in fund balances</i>	<u>(4,016)</u>	<u>6,888</u>	<u>-</u>	<u>(11,518)</u>	<u>176,393</u>
<i>Fund balances - beginning of year, as previously reported</i>	167,598	159,924	181,077	55,338	1,755,134
<i>Fund balances - restatement (Note 22)</i>	<u>7,353</u>	<u>(188,475)</u>	<u>81,739</u>	<u>11,518</u>	<u>20,584</u>
<i>Fund balances - beginning of year, as restated</i>	<u>174,951</u>	<u>(28,551)</u>	<u>262,816</u>	<u>66,856</u>	<u>1,775,718</u>
<i>Fund balances - end of year</i>	<u>\$ 170,935</u>	<u>(21,663)</u>	<u>262,816</u>	<u>55,338</u>	<u>1,952,111</u>

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Deposit and Investment Accounts
June 30, 2018

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
Citizens Bank					
Bank Two	Demand Account	\$ 1,234,459	-	-	1,234,459
Sanitation Capital Improvements	Demand Account	271,334	-	-	271,334
Certificate of deposit	Time Deposit	60,000	-	-	60,000
<i>Total Citizens Bank</i>		<u>1,565,793</u>	<u>-</u>	<u>-</u>	<u>1,565,793</u>
Everyone's Credit Union					
Certificate of deposit	Time Deposit	50,000	-	-	50,000
<i>Total Everyone's Credit Union</i>		<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
First National Bank					
Princess Theatre Account	Demand Account	4,574	-	-	4,574
Certificate of deposit	Time Deposit	156,688	-	-	156,688
Certificate of deposit	Time Deposit	157,007	-	-	157,007
Certificate of deposit	Time Deposit	104,458	-	-	104,458
Certificate of deposit	Time Deposit	103,789	-	-	103,789
Housing Security Deposit Account	Demand Account	8,490	126	-	8,616
<i>Total First National Bank</i>		<u>535,006</u>	<u>126</u>	<u>-</u>	<u>535,132</u>
NMFA					
Water Conversion Reuse Project					
(NMFA #2)	NMFA Cash	14,146	-	-	14,146
Drinking Water (NMFA#25)	NMFA Cash	2,045	-	-	2,045
NMFA Tucumcari (NMFA #26)	NMFA Cash	3,634	-	-	3,634
NMFA Tucumcari (NMFA #31)	NMFA Cash	6,215	-	-	6,215
<i>Total NMFA</i>		<u>26,040</u>	<u>-</u>	<u>-</u>	<u>26,040</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Deposit and Investment Accounts
June 30, 2018

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
Tucumcari Federal Savings & Loan					
Certificate of deposit	Time Deposit	61,648	-	-	61,648
<i>Total Tucumcari Federal Savings & Loan</i>		<u>61,648</u>	<u>-</u>	<u>-</u>	<u>61,648</u>
Wells Fargo Bank					
General Operating Account	Demand Account	\$ 6,105,081	1,404	249,530	5,856,955
EMS Account	Demand Account	64,103	-	-	64,103
1/8% Economic Development	Demand Account	78,814	-	-	78,814
CDBG Account	Demand Account	2	-	-	2
John D Hoffman Endowment Account	Demand Account	1,010	-	-	1,010
Seizure Account	Demand Account	24,225	-	-	24,225
Savings Account	Demand Account	2,549	-	-	2,549
Certificate of Deposit	Time Deposit	166,583	-	-	166,583
TPD Narcotics Fund	Demand Account	14,873	12,846	12,846	14,873
Housing-General Operating Fund	Demand Account	1,002,150	4,826	29,663	977,313
Housing-ClAP Operating Account	Demand Account	382	-	-	382
Housing-Section 8 Account	Demand Account	13,436	-	-	13,436
Housing-Certificate of Deposit	Time Deposit	23,055	-	-	23,055
<i>Total Wells Fargo Bank</i>		<u>7,496,263</u>	<u>19,076</u>	<u>292,039</u>	<u>7,223,300</u>
<i>Total Deposits</i>		<u>\$ 9,734,750</u>	<u>19,202</u>	<u>292,039</u>	<u>9,461,913</u>
Add: Petty cash					3,919
Less: Restricted cash and cash equivalents per Statement of Net Position					(618,967)
Less: Investments per Statement of Net Position					(860,174)
Less: Other reconciling items					-
<i>Total cash and cash equivalents per Statement of Net Position</i>					<u>\$ 7,986,691</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2018</u>	<u>Location of Safekeeper</u>
Citizens Bank					
	FNMA	\$ 1/1/2027	3138EHR61	\$ <u>700,000</u>	Amarillo National Bank, TX
	<i>Total Citizens Bank</i>			<u>700,000</u>	
First National Bank					
	FHLMC Pool #C91442	4/1/2032	3128P7S79	<u>195,032</u>	Federal Home Loan Bank
	<i>Total First National Bank</i>			<u>195,032</u>	
Wells Fargo (General Operating Checking Account Collateral)					
	FNMA FNMS 3.000%	11/1/2035	3138WFG5	3,407,277	Bank of New York Mellon New York, NY
	FNMA FNMS 2.500%	8/1/2031	3138WHVS8	192,368	Bank of New York Mellon New York, NY
	FMAC FGPC 4%	11/1/2024	2138MCJ55	262,860	Bank of New York Mellon New York, NY
	FMAC FGPC 3%	9/1/2029	3128MMSN4	310,952	Bank of New York Mellon New York, NY
	FMAC FGPC 3%	11/1/2026	3128PXBA3	<u>14,610</u>	Bank of New York Mellon New York, NY
	<i>Total Wells Fargo</i>			<u>4,188,067</u>	
	<i>Total Pledged Collateral</i>			<u>\$ 5,083,099</u>	

See independent auditors' report.

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Financial Data Schedule
June 30, 2018

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
111	Cash - Unrestricted	\$ 637,945	-	134,972
113	Cash - Other Restricted	-	-	75,847
114	Cash - Tenant Security Deposits	8,616	-	5,104
100	<i>Total Cash</i>	<u>646,561</u>	<u>-</u>	<u>215,923</u>
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	10,472	-	18
126.1	Allowance for Doubtful Accounts - Tenants	(1,047)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>9,425</u>	<u>-</u>	<u>18</u>
131	Investments - Unrestricted	-	-	-
130	<i>Total Investments</i>	<u>23,055</u>	<u>-</u>	<u>-</u>
142	Prepaid expenses and Other Assets	5,174	-	-
143	Inventories	6,200	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
150	<i>Total Current Assets</i>	<u>690,415</u>	<u>-</u>	<u>215,941</u>
161	Land	68,890	-	27,120
162	Buildings	2,659,803	-	976,221
163	Furniture, Equipment & Machinery - Dwellings	388,453	-	56,721
164	Furniture, Equipment & Machinery - Administration	177,747	-	-
165	Leasehold Improvements	1,347,049	-	-
166	Accumulated Depreciation	(2,928,202)	-	(474,971)
167	Construction in progress	3,666	-	-
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>1,717,406</u>	<u>-</u>	<u>585,091</u>
180	<i>Total Non-Current Assets</i>	<u>1,717,406</u>	<u>-</u>	<u>585,091</u>
190	<i>Total Assets</i>	<u>2,407,821</u>	<u>-</u>	<u>801,032</u>
200	Deferred Outflows of Resources	55,814	-	-
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 2,463,635</u>	<u>-</u>	<u>801,032</u>

See independent auditor's report.

	Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
\$	-	123,828	896,745
	-	13,436	89,283
	-	-	13,720
	-	137,264	999,748
	-	8,704	8,704
	-	-	10,490
	-	-	(1,047)
	-	(8,704)	(8,704)
	-	-	9,443
	-	-	-
	-	-	23,055
	-	-	5,174
	-	-	6,200
	-	-	-
	-	137,264	1,038,446
	-	-	96,010
	-	-	3,636,024
	-	-	445,174
	-	9,315	187,062
	-	-	1,347,049
	-	(7,332)	(3,410,505)
	-	-	3,666
	-	1,983	2,304,480
	-	1,983	2,304,480
	-	139,247	3,348,100
	-	9,903	65,717
\$	-	149,150	3,413,817

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Financial Data Schedule
June 30, 2018

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
312	Accounts Payable <= 90 Days	\$ 13,386	-	18,303
321	Accrued Wage/Payroll Taxes Payable	6,405	-	1,189
322	Accrued Compensated Absences - Current Portion	2,741	-	-
325	Accrued Interest Payable	-	-	391
341	Tenant Security Deposits	9,297	-	4,331
342	Unearned Revenues	-	-	170
343	Current Portion of Long-term Debt - Capital	-	-	19,000
345	Other Current Liabilities	-	-	-
310	Total Current Liabilities	<u>31,829</u>	<u>-</u>	<u>43,384</u>
	Long-term Debt, Net of Current - Capital Projects/			
351	Mortgage Revenue	-	-	589,624
357	Accrued Pension and OPEB Liabilities	<u>352,968</u>	<u>-</u>	<u>-</u>
350	Total Non-Current Liabilities	<u>352,968</u>	<u>-</u>	<u>589,624</u>
300	Total Liabilities	<u>384,797</u>	<u>-</u>	<u>633,008</u>
400	Deferred Inflows of Resources	<u>55,564</u>	<u>-</u>	<u>-</u>
508.1	Net investment in capital assets	1,717,406	-	(23,533)
511	Restricted Net Position	-	-	80,951
512.1	Nonrestricted Net Position	<u>305,868</u>	<u>-</u>	<u>110,606</u>
513	Total Equity/Net Position	<u>2,023,274</u>	<u>-</u>	<u>168,024</u>
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	<u>\$ 2,463,635</u>	<u>-</u>	<u>801,032</u>

See independent auditor's report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
-	-	31,689
-	-	7,594
-	-	2,741
-	-	391
-	-	13,628
-	-	170
-	-	19,000
-	-	-
-	-	75,213
-	-	589,624
-	62,585	415,553
-	62,585	1,005,177
-	62,585	1,080,390
-	9,850	65,414
-	1,983	1,695,856
-	13,436	94,387
-	61,296	477,770
-	76,715	2,268,013
-	149,150	3,413,817

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Financial Data Schedule
June 30, 2018

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
70300	Net Tenant Rental Revenue	\$ 154,369	-	42,150
70400	Tenant Revenue - Other	8,387	-	1,291
70500	<i>Total Tenant Revenue</i>	<u>162,756</u>	<u>-</u>	<u>43,441</u>
70600	HUD PHA Operating Grants	312,262	-	48,560
70610	Capital Grants	-	-	-
70800	Other Governmental Grants	-	-	-
71100	Investment Income - Unrestricted	5	-	47
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	14
70000	<i>Total Revenue</i>	<u>475,023</u>	<u>-</u>	<u>92,062</u>
91100	Administrative Salaries	81,574	-	11,677
91200	Auditing Fees	10,599	-	5,483
91310	Book-keeping Fee	5,117	-	-
91400	Advertising and Marketing	-	-	52
91500	Employee Benefit Contributions - Administrative	10,499	-	4,902
91600	Office Expenses	23,744	-	4,755
91700	Legal Expense	-	-	439
91800	Travel	1,279	-	380
91900	Other Operating - Administrative	-	-	3,257
91000	<i>Total Operating - Administrative</i>	<u>132,812</u>	<u>-</u>	<u>30,945</u>
93100	Water	36,651	-	1,085
93200	Electricity	6,155	-	1,536
93300	Gas	23,410	-	-
93600	Sewer	-	-	1,070
93800	Other Utilities Expense	2,149	-	3,258
93000	<i>Total Utilities</i>	<u>\$ 68,365</u>	<u>-</u>	<u>6,949</u>

See independent auditor's report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
-	-	196,519
-	-	9,678
-	-	206,197
-	355,187	716,009
-	-	-
97,746	-	97,746
-	14	66
-	540	540
-	-	14
97,746	355,741	1,020,572
-	21,840	115,091
-	3,000	19,082
-	2,300	7,417
-	-	52
-	7,356	22,757
-	5,360	33,859
-	-	439
-	-	1,659
-	36,071	39,328
-	75,927	239,684
-	-	37,736
-	-	7,691
-	-	23,410
-	-	1,070
-	-	5,407
-	-	75,314

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Financial Data Schedule
June 30, 2018

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
94100	Ordinary Maintenance & Operation - Labor	\$ 61,034	-	12,141
94200	Ordinary Maintenance & Operation - Materials and Other	8,799	-	8,505
94300	Ordinary Maintenance & Operation Contracts	15,313	-	9,073
94500	Employee Benefit Contributions - Ordinary Maintenance	6,698	-	11,693
94000	<i>Total Maintenance</i>	<u>91,844</u>	<u>-</u>	<u>41,412</u>
96110	Property Insurance	14,235	-	-
96120	Liability Insurance	6,099	-	-
96130	Workmen's Compensation	5,014	-	547
96140	All other Insurance	3,630	-	-
96100	<i>Total Insurance Premiums</i>	<u>28,978</u>	<u>-</u>	<u>547</u>
96200	Other General Expenses	-	-	-
96400	Bad Debt - Tenant Rents	647	-	167
96000	<i>Total Other General</i>	<u>647</u>	<u>-</u>	<u>167</u>
96720	Interest on Notes Payable (Short and Long-Term)	-	-	53,971
96700	<i>Total Interest Expense and Amortization Cost</i>	<u>-</u>	<u>-</u>	<u>53,971</u>
96900	<i>Total Operating Expenses</i>	<u>322,646</u>	<u>-</u>	<u>133,991</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>152,377</u>	<u>-</u>	<u>(41,929)</u>
97300	Housing Assistance Payments	-	-	-
97400	Depreciation Expense	180,557	-	30,362
90000	<i>Total Expenses</i>	<u>\$ 503,203</u>	<u>-</u>	<u>164,353</u>
10010	Operating Transfers In	-	-	97,746
10020	Operating Transfers Out	-	-	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>97,746</u>

See independent auditor's report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
-	-	73,175
-	-	17,304
-	-	24,386
-	-	18,391
-	-	133,256
-	-	14,235
-	696	6,795
-	-	5,561
-	-	3,630
-	696	30,221
-	-	-
-	-	814
-	-	814
-	-	53,971
-	-	53,971
-	76,623	533,260
97,746	279,118	487,312
-	315,191	315,191
-	1,863	212,782
-	393,677	1,061,233
-	-	97,746
(97,746)	-	(97,746)
(97,746)	-	-

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Department of the City of Tucumcari
Financial Data Schedule
June 30, 2018

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (28,180)	-	25,455
11030	Beginning Equity	2,216,722	-	142,569
11040	Prior period adjustment, Equity Transfers and Correction	(165,268)	-	-
11170	Administrative Fee Equity	-	-	-
11180	Housing Assistance Payments Equity	-	-	-
	Ending Equity (deficit)	\$ 2,023,274	-	168,024
11190	Unit Months Available	1,080	-	636
11210	Number of Unit Months Leased	1,035	-	593
11270	Excess Cash	\$ 620,325	-	-
11650	Leasehold Improvements Purchases	\$ 18,787	-	-

See independent auditor's report.

Rural Rental Assistance Payments 10.427	Housing Choice Vouchers Program 14.871	Total
-	(37,936)	(40,661)
-	143,922	2,503,213
-	(29,271)	(194,539)
-	-	-
-	-	-
-	76,715	2,268,013
-	1,680	3,396
-	2,040	3,668
-	-	620,325
-	-	18,787

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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**

Mr. Brian Colon
New Mexico State Auditor and
City Commission
City of Tucumcari
Tucumcari, New Mexico

We have audited, in accordance with the 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, 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 fund of the City of Tucumcari, New Mexico (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that are considered to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-006 and 2018-001 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2018-002 and 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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* as items 2017-001, 2018-004, 2018-005 and 2018-006.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico

June 27, 2019

FEDERAL FINANCIAL ASSISTANCE

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Brian Colon
New Mexico State Auditor and
Office of Management and Budget
City Commission
City of Tucumcari
Tucumcari, New Mexico

Report on Compliance for the Major Federal Programs

We have audited the City of Tucumcari, New Mexico (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal programs for the year ended June 30, 2018. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal programs. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico
June 27, 2019

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<u>Funding Source/Grant of Contact Name</u>	<u>CFDA Number</u>	<u>Pass-through Grant Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Department of Agriculture					
<i>Direct Funding</i>					
Waste & Water Disposal Systems for Rural Communities					
WaterWater PER	10.760		\$ -	-	-
Siren Grant	10.760		30,731	-	-
<i>Pass-Through Programs from U.S. Department of Agriculture</i>					
Rural Rental Housing Loans - Loan Balance	* 10.415		624,735	-	-
Rural Rental housing Loans - Interest Subsidy	* 10.415		48,560	-	-
Rural Rental Assistance	10.427		97,746	-	-
Total U.S. Department of Agriculture			<u>801,772</u>	<u>-</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
<i>Direct Funding</i>					
Public and Indian Housing	14.850		283,595	-	-
Section 8 Housing Choice Vouchers	14.871		355,187	-	-
<i>Pass-Through Programs from U.S. Department of Housing and Urban Development</i>					
Public Housing Capital Fund	14.872	CFP 2017	18,291	-	-
Public Housing Capital Fund	14.872	CFP 2016	10,376	-	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	* 14.228	17-C-NR-I-01-G-20	6,491	-	-
Total U.S. Department of Housing and Urban Development			<u>673,940</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation/Federal Aviation Administration (FAA)					
<i>Pass-Through Programs from U.S. Department of Transportation/ Federal Aviation Administration(FAA)</i>					
Airport Improvement Program	* 20.106	3-35-0043-017-2016	372,814	-	-
Total U.S. Department of Transportation/Federal Aviation Administration (FAA)			<u>372,814</u>	<u>-</u>	<u>-</u>
U. S. Environmental Protection Agency					
<i>Pass-Through Programs from U.S. Environmental Protection Agency</i>					
Capitalization Grants for Drinking Water State Revolving Fund - Center Street Tank	66.468	DW-3448	55,852	-	-
Total U. S. Environmental Protection Agency			<u>55,852</u>	<u>-</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 1,904,378</u>	<u>-</u>	<u>-</u>

(*) Denotes Major Program

See independent auditor's report.
See accompanying notes to the schedule of expenditures of federal awards.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Tucumcari (The "City") and is presented on the full 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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Federally Funded Loans

The City has no federally funded loans or loan guarantee programs as of June 30, 2018.

3. 10% de Minimus Indirect Cost Rate

The City did not elect to use the allowed 10% indirect cost rate.

4. Loans

The City did not expend federal awards related to loans or loan guarantees during the year.

5. Federally Funded Insurance

The City has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,904,378
Total expenditures funded by other sources	<u>12,323,878</u>
<i>Total expenditures</i>	<u>\$ 14,228,256</u>

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
June 30, 2018**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

Federal Awards:

- | | |
|--|------------|
| 1. Internal control over major federal programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance | |
| 3. with Section 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
20.106	Airport Improvement Program
10.415	Rural Rental Housing Loans

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION II – FINDINGS - FINANCIAL STATEMENT AUDIT

2017-001 (FS 2016-001) – Late Audit Report (Other noncompliance)

Condition: The City's audit report for the year ended June 30, 2018 was not submitted to the State Auditor by the required due date, December 15, 2018. The City did not make progress on this finding

Criteria: Audit reports not received on or before the due date, December 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

Effect: The result was the late submission of the City's audit report for the year ended June 30, 2018. The users of the audited financial statements and the City's management do not have timely information. In addition, untimely financial statements may affect federal and state funding.

Cause: The audit report as of and for the year ended June 30, 2017 contains disclaimer of opinion. As such, it takes more time for the auditors to test beginning balances. In addition, various restatements were noted as a result of the audit.

Recommendation: We recommend that the City work with the auditors to ensure timely submission of the audit report.

Management response: The City of Tucumcari Finance Director will work closely with our audit team to ensure our audit is on time in the future. We believe after this tedious audit, all future audits should be more smooth and timely.

Person Responsible: Finance Director

2017-006 – Internal Controls over Journal Entries (Material Weakness)

Condition: The City did not have a policy in place to properly review and approve journal entries. The City did not make progress for the year ended June 30, 2018.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring.

Effect: Without proper authorization and review, the City is more susceptible to fraudulent journal entries.

Cause: The City has no policy in place to approve and review journal entries.

Auditors' Recommendation: We recommend the City scrutinize all transactions to ensure that all expenditures go through the appropriate approval process.

Management Response: The Finance Director is not authorized to enter journal entries per policy, but should be reviewing and approving journal entries. As noted in audit response for FY 2017, we will have a policy in place to review and approve journal entries by June 30, 2018, which did not happen. We will have a policy in place by June 30, 2019.

Person Responsible: Finance Director

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

2018-001 Financial Close and Reporting – (Material Weakness)

Condition: During our testwork over the financial close and reporting process, it was noted that the Department has not implemented an effective financial close and reporting process for the year ended June 30, 2018. We noted multiple accounts within the trial balance were not reconciled prior to the beginning of the audit, which required significant modifications by management.

- Various cash suspense accounts that were not reconciled/cleared that resulted to restatement.
- Accounts payable balance at June 30, 2017 was overstated by \$3.2 million.
- Beginning balances in capital assets for enterprise funds did not agree to the prior year audited financial statements

The City did not make progress for the year ended June 30, 2018.

Criteria: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect: Lack of proper financial close can lead to unreliable account balances and material misstatement to the financial statements. In addition, inadequate segregation of duties increases the risk that errors or fraud could occur and not be discovered timely.

Cause: Management has not completed a basic risk assessment to identify critical duties that should be segregated to reduce the risk of errors and fraud and implement a formal financial reporting close procedures.

Recommendation: Management should review the current assignment of accounting functions and where feasible, duties should be segregated or mitigating controls implemented that will reduce the risk of errors or fraud. We recommend that the Department development and implement policies and procedures to ensure that all reconciliations of bank accounts, capital assets, payables and receivables are completed and done timely.

Management's Response:

- Due to the software conversion in FY 2017, balances were not converted correctly. We have worked very hard with our software support team, we had an expert come on site to help get balances corrected. When this happened, we moved all other balances to suspense accounts and waited to see what our auditor's recommendation would be. We will enter the adjustments from the auditors to clear up all suspense accounts.
- The Finance Director will review financial statements from auditors to verify balances match general ledger. Unfortunately, this error happened in FY2016 by our auditor at that time and carried over to FY2017 financial statements with our previous auditor.
- The Finance Director will review capital asset amounts in financial statements to verify they balance with general ledger. The Finance Director will also verify ending balances from previous fiscal year to beginning balances of current year to make sure they balance.
- Our financial software has an end of year checklist that our Deputy Finance Director is responsible for. There are reports to run and processes to follow. Due to the previous audit opinion and this fiscal year's audit taking longer to verify financials we have not been able to put a policy in place. We will work on that process during end of year process for FY 2019

Person Responsible: Finance Director

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

2018-002 Internal Controls (Significant Deficiency)

Condition: During our internal control walkthroughs and testing, we noted the following:

- 1 out of 25 samples tested, the City overpaid an amount for tax payments due to wrong date used on a report. Total tax payment amount was \$30,549 instead of \$24,511.
- 4 out of 25 employees tested for payroll controls, either missing timesheet and approved leave form, pay rate per personnel file did not match payroll register, or position recommendation is missing.
- Billing adjustments currently are processed by billing clerk without additional approval.

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

Cause: Due to a lack of a comprehensive and documented internal control policy in place, employees are not consistently following these new processes and management.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring elements of internal control.

Recommendations: The City should complete its documented comprehensive internal control structure and ensure that it is followed. Management should follow and ensure that all staff follows the City's documented internal control procedures, and the body charged with governance should provide effective oversight of the internal control and financial reporting processes. In addition, it should implement a financial close reporting process to ensure timely posting of transactions and reconciliation of accounts.

Management's Response:

- The Finance Department has taken the payroll position under their umbrella so that we can work together to make sure reports are matching general ledger. We will have an internal policy written by June 30, 2019 to state the exact process to avoid overpayments.
- We are currently working with our software support to see if there is an approval level on billing account adjustments to help verify these transactions. If not, then we will implement an internal policy on approvals of billing adjustments.
- HR will establish a procedure to audit personnel files quarterly via sample pull. This procedure will be in place by July 31, 2019.

Person Responsible: Finance Director

2018-003 – IT General Controls (Significant Deficiency)

Condition: During our walkthroughs of the City's IT general controls as it relates to financial systems, we noted the following:

- (a) Policies and procedures are not updated with current network and application structure. In addition, there is no IT Security Plan, Incident Response Plan and Change Management policy.
- (b) There is no formal disaster recovery plan in place to ensure continued IT operations in event of disaster.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

2018-003 – IT General Controls (Significant Deficiency) (Continued)

- (c) Users are added, removed and updated in the system without a formal user provisioning policy. No formal forms are in place.
- (d) Users access listing are not reviewed for systems and financial applications. For instance, Tyler has 7 administrators accounts.
- (e) Tyler is a hosted application and the City does not review the SOC report for the service provider.
- (f) Penetration test has never been performed for system and application.
- (g) Password policy is not set up in the Tyler system, meaning there is minimum password length, age or complexity requirement.

Criteria: IT, including systems and infrastructure are essential and integral part to the efficiency of the County's operations. IT general controls are essential in maintaining confidentiality, integrity, and availability of data. IT internal controls are as important as the internal controls that surround the input of financial transactions into the County's general ledger.

In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) framework (DS4, Continuous Service), a Disaster Recovery Plan needs to be developed and tested to reduce impact of a major disruption on key business functions and processes. Framework DS5 (Ensure System Security) provides the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintain IT security and roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents.

Effect: The absence of a formal Disaster Recovery Plan may pose question as to the City's ability to respond and recover its critical data and applications on a reasonable time period in the event of unforeseen disaster.

Without strong internal controls over the City's IT infrastructure and applications, there a potential for the confidentiality, integrity, and or availability of data to be compromised.

Cause: The City's IT Department does not have enough personnel to handle day to day functions including IT security.

Recommendation: We recommend the following:

- (a) Update policies and procedures in line with current network and application structure. In addition, the City needs to cover the areas such as IT Security, change management, remote access and others.
- (b) Develop a formal IT Disaster Recovery Plan to address recovery issues in event of disaster.
- (c) Adopt a formal user provisioning policy. This should include formal documentations (use of forms or tickets) in event of new user, termination or modification of users in the system.
- (d) Review users access listing at least once a year for the system and application to ensure that access is consistent with users roles and responsibilities. Inactive accounts should be purged after certain period of time.
- (e) Obtain and review SOC report for Tyler to ensure that controls exist at the service organization level. In addition, users complimentary controls identified in the report should be reviewed and addressed by the County.

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

2018-003 – IT General Controls (Significant Deficiency) (Continued)

- (f) Consider having a third party perform a penetration or vulnerability assessment. In addition, the City should be more proactive in dealing with its security incidents.
- (g) Implement a formal password policy in the Tyler including other systems and applications which include age, length, complexity requirement and others.

Management's Response: The city of Tucumcari will evaluate, develop and/or update IT policies and procedures to include an IT security plan, incident response plan, change management policy, disaster recovery plan, and user provisions. City staff will follow up with Tyler to check on the administrator license to ensure there are only needed administrator accounts and to receive and review an SOC report. City staff will also reach out to Tyler systems to enact a password policy. This should be in place no later than June 30, 2020.

City staff will contact outside vendors to have a third party penetration assessment completed.

Person Responsible: Staff

2018-004 Late Submission of Data Collection Form (Other Non-Compliance)

Condition: The City did not submit its annual data collection form for the year ended June 30, 2017 to the Federal Audit Clearinghouse in a timely manner. The data collection form, which has a due date of March 31, 2018, was not submitted until July 17, 2018.

Criteria: 2 CFR Section 200.512(b) provides for a form, referred to as the data collection form, to be prepared at the completion of each audit and submitted to the Federal Audit Clearinghouse. The form provides key information about the nonfederal entity, the federal awards it administers, whether the audit was completed in accordance with the Uniform Guidance, and the audit results. 2 CFR Section 200.512(a) states that the reporting package must be submitted the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Cause: The audit report as of and for the year ended June 30, 2017 was not completed timely, resulting in the delay in the submission of the data collection form.

Effect: The City was not in compliant with the requirement of 2 CFR Section 200.512. As a result, the City does not qualify as low-risk auditee in accordance with the Uniform Guidance.

Recommendation: We recommend that the City pursues activities necessary for the timely submission of the data collection form.

Management response: The City of Tucumcari Finance Department will work closely with our auditors to ensure a timely audit filing to avoid this late submission and expect to clear this finding for the year ended June 30, 2019.

Person Responsible: Finance Director

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

2018-005 Retirement Health Care (RHC) Timely Submission of Remittance Forms – (Other Non-Compliance)

Condition: Based on our review of RHCA remittance forms, we noted that the City is not making timely contributions. We noted 4 out of 26 RHCA contributions were not remitted on a timely basis.

Criteria: In accordance with the Retiree Health Care Act, Sections 10-7C-1 to 10-7C-19 NMSA 1978, payments to RHCA is due within 15 days from the pay date.

Cause: The City was unaware of the State requirement for submittal within 15 days of the pay date. In addition, the City has some personnel turnover in its Finance Department during the fiscal year.

Effect: The City is not in compliance with New Mexico State Statutes in regards to RHCA contributions rules for transmitting and reporting contributions on a timely basis.

Recommendation: Implement internal controls to ensure that RHCA contributions are remitted to RHCA by the due date in accordance with state statutes.

Management's Response: The City of Tucumcari has recently moved the payroll clerk position from HR to Finance so that we can work closely with this position to ensure payments are made on time. Also, to ensure that we are paying the correct amount of taxes based on the GL. There have been reporting issues from our software and we are working with them to fix this issue. We will be working on a procedure as soon as we are able to get the reporting issue corrected. This should be in place no later than June 30, 2020.

Person Responsible: Finance Director

2018-006 Internal Controls Over Fuel Cards – (Other Non-Compliance)

Condition: Based on our review of fuel card expenditures, we noted 1 out of 5, fuel purchase exceeded the maximum fuel tank capacity.

Criteria: NMAC 1.5.4.12 provides criteria and controls as to fuel cards purchases.

Cause: The City does not have proper oversight over fuel card purchases.

Effect: The City is not in compliance with New Mexico State Statutes in regards to fuel card purchases.

Recommendation: The City should implement a procedure to ensure that gas purchases are in line with car tank capacity.

Management's Response: The City of Tucumcari is currently reaching out to other Municipalities to see what their policy is regarding fuel cards. The City of Tucumcari is going to assign a position to oversee and track the fuel card purchases to avoid possible fraud. We will have a policy in place by June 30, 2020.

Person Responsible: Finance Director and City Manager

**STATE OF NEW MEXICO
CITY OF TUCUMCARI
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

SECTION III – FEDERAL AWARD FINDINGS

None Noted

SECTION IV – PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

FS 2014-004 – Accounts Receivable (Material Weakness) – Repeated

FS 2017-001 – Software Conversion Controls (Material Weakness) – Repeated

FS 2017-002 – Beginning Fund Balance and Net Position (Material Weakness) – Repeated

FS 2017-003 – Inadequate Accounting of Allocation of Cash (Material Weakness) – Repeated

FS 2014-004 – Failure to Produce Supporting Documentation (Material Weakness) – Resolved

FS 2017-005 – Preparation of Accounts Payable (Material Weakness) – Repeated

FS 2017-006 – Internal Controls Over Adjusting Entries and Expenditures (Material Weakness) – Repeated

FS 2017-007 – Capital Asset Balances and Supporting Documentation (Material Weakness) – Repeated

FS 2017-008 – Inadequate Review and Monitoring of Debt Covenants (Significant Deficiency) – Resolved

NM 2017-001 – Late Audit Report (Other Noncompliance) – Repeated

NM 2017-002 – Budget Over Expenditures (Other Noncompliance) – Resolved

NM 2017-003 – Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance) – Resolved

NM 2017-004 – Stale Dated Checks (Other Noncompliance) – Resolved

CITY OF TUCUMCARI

Exit Conference

June 30, 2018

Exit Conference

An exit conference was held on May 31, 2019 in a closed executive session in compliance with the Open Meetings Act. In attendance were the following:

City of Tucumcari

Ruth Ann Litchfield, Mayor

Todd Duplantis, Mayor Pro-Tem

Christopher Arias, City Commissioner

Amy Gutierrez, City Commissioner

Britt Lusk, City Manager

Mark Martinez, Asst. City Manager

Rachelle Arias, Finance Director

Axiom Certified Public Accountants and Business Advisors LLC

Jaime Rumbaoa, Partner

Financial Statement Preparation

Axiom Certified Public Accountants and Business Advisors LLC prepared the GAAP-basis financial statements and footnotes of the City of Tucumcari from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.