STATE OF NEW MEXICO
CITY OF TUCUMCARI

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2023

STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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CITY OF TUCUMCARI
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CITY OF TUCUMCARI
OFFICIAL ROSTER (UNAUDITED)
AS OF JUNE 30, 2023

CITY MAYOR AND COMMISSION

Ralph Moya…………………………………………………………..Mayor
Paul Villanueva……………………………………………..Commissioner
Christopher Arias…………………………………………….Commissioner
Michael Cherry………………………………………………Commissioner

ADMINISTRATIVE OFFICIALS

Paula Chacon………………………………………………………City Manager
Vacant…………..…………………………………………..…Assistant City Manager
Angelica Gray……………………………………..…………………City Clerk
Rachelle Arias………………………………………………….Finance Director
Samantha Garcia…………………………………………..Deputy Finance Director

FINANCIAL SECTION

TKM Auditors Advisors CPAs

Independent Auditors' Report

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
City Commission
Tucumcari, New Mexico

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Tucumcari (City), which collectively comprise the City's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City. Because of the significance of the matters described in the Basis for Disclaimer section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on the financial statements.

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-type Activities	Disclaimer
General Fund	Disclaimer
1/8th Economic Dev. Tax Fund	Disclaimer
Senior Citizen's Center Fund	Disclaimer
Capital Projects Fund	Disclaimer
Budgetary comparison – General Fund	Disclaimer
Budgetary comparison – 1/8 Economic Dev. Tax Fund	Disclaimer
Budgetary comparison – Senior Citizens Center Fund	Disclaimer
Aggregate remaining fund information	Disclaimer

Basis for Disclaimer of Opinion

Accounting records for cash, accounts receivable, investments, capital assets, internal balances, accounts payable, payroll liabilities, unavailable revenues, long term debt, revenues and expenditures were not available or were deemed unreliable, inaccurate and/or unreconciled. Therefore, we were not able to obtain sufficient appropriate audit evidence about the amounts recorded in the aforementioned financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the City's financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Supplementary 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 schedules, schedule of pledged collateral, and schedule of deposit and investment accounts, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matters described above in the basis for disclaimer section of the auditors' opinion and in the section for basis for disclaimer of opinion, it is inappropriate to, and we do not express an opinion on the supplementary information referred to above. Management has not presented a schedule of expenditures of federal awards for the year ended June 30, 2023, as required by Title 2 U.S. *Code of Federal Regulations Part 200* , *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Such information, although not a part of the basic financial statements, is required by the Uniform Guidance. We did not perform any procedures with respect to the schedule of expenditures of federal awards, and we express no opinion on it.

Required Supplementary Information

Management has omitted management's 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 the 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 the *Schedules of the City's Proportionate Share of the Net Pension Liability* and their *Proportionate Share of the OPEB*

Liability on pages 56-57 and 60, the *Schedule of the City's Contributions* on pages 58-59 and 61, and the notes to the required supplementary information, on page 62 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 and historical context. We have applied certain limited procedures to the *Schedules of the City's Proportionate Share of the Net Pension Liability* and *City's Proportionate Share of the OPEB Liability, the City's Contributions* and the notes 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision 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.

TKM, LLC

TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
June 25, 2026

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**
Current Assets:			
Cash and Cash Equivalents	27,331,765	$ 6,874,927	$ 34,206,692
Investments	438,097	442,728	880,825
Receivables:			
Gross Receipts Tax	461,509	-	461,509
Accounts Receivable	183,915	-	183,915
Customers Receivable, Net	-	742,299	742,299
Due From Other Funds	1,214,801	-	1,214,801
Prepaid Expenses	94,992	-	94,992
Inventory	-	41,422	41,422
Total Current Assets	29,725,079	8,101,376	37,826,455
Noncurrent Assets:			
Capital Assets	33,715,335	50,891,142	84,606,477
Less: Accumulated Depreciation	(19,535,820)	(22,827,978)	(42,363,798)
Total Noncurrent Assets	14,179,515	28,063,164	42,242,679
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows, Pension Related	728,187	242,728	970,915
Deferred Outflows, ARO	-	237,500	237,500
Deferred Outflows, OPEB Related	383,763	85,795	469,558
Total Deferred Outflows of Resources	1,111,950	566,023	1,677,973
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 45,016,544	$ 36,730,563	$ 81,747,107
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 368,060	$ 1,347,885	$ 1,715,945
Accrued Liabilities	698,154	56,970	755,124
Due to Other Funds	17,425,973	553,874	17,979,847
Accrued Interest Payable	6,603	-	6,603
Compensated Absences Payable, Current	32,549	-	32,549
Long-Term Debt, Current	46,064	205,438	251,502
Total Current Liabilities	18,577,403	2,164,167	20,741,570
Noncurrent Liabilities:			
Long-Term Debt, Noncurrent	288,919	5,387,782	5,676,701
Net Pension Liability	4,206,765	1,322,439	5,529,204
Net OPEB Liability	980,543	270,315	1,250,858
Asset Retirement Obligation	-	250,000	250,000
Landfill Liability	-	4,189,765	4,189,765
Compensated Absences Payable, Noncurrent	75,948	44,670	120,618
Total Noncurrent Liabilities	5,552,175	11,464,971	17,017,146
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows, Pension Related	957,481	44,604	1,002,085
Deferred Inflows, OPEB Related	1,619,984	473,097	2,093,081
Total	2,577,465	517,701	3,095,166
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	26,707,043	14,146,839	40,853,882
NET POSITION			
Net Investment in Capital Assets	13,844,532	22,469,944	36,314,476
Restricted			
Unrestricted (Deficit)	4,464,969	113,780	4,578,749
TOTAL NET POSITION	18,309,501	22,583,724	40,893,225
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 45,016,544	$ 36,730,563	$ 81,747,107

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions and Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contrib.	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	5,285,101	1,948,860	44,069	$ -	$ (3,292,172)	$ -	$ (3,292,172)
Public Safety	3,111,396	-	4,574,670	2,199,165	3,662,439	-	3,662,439
Public Works	2,805,857	-	-	-	(2,805,857)	-	(2,805,857)
Health and Welfare	577,819	-	-	-	(577,819)	-	(577,819)
Total Governmental Activities	11,780,173	1,948,860	4,618,739	2,199,165	(3,013,409)	-	(3,013,409)
Business-Type Activities:							
Airport	2,196,764	285,894	-	-	-	(1,910,870)	(1,910,870)
Joint Utility	2,269,825	1,818,671	-	-	-	(451,154)	(451,154)
Sanitation	2,006,616	927,777	-	-	-	(1,078,839)	(1,078,839)
Housing Authority	-	-	-	-	-	-	-
Total Business-Type Activities	$ 6,473,205	$ 3,032,342	$ -	$ -	$ -	$ (3,440,863)	(3,440,863)
General Revenues:							
Taxes							
Gross Receipts Taxes					2,100,115	-	2,100,115
Franchise Tax					226,079	-	226,079
MVD & Fuel Taxes					169,453	-	169,453
Other taxes					838,828	-	838,828
Licenses and Fees					151,599	-	151,599
Investment Income (expense)					148,186	2,146,521	2,294,707
Miscellaneous Income					311,393	2,376,563	2,687,956
Interest expense					-	(358,992)	(358,992)
Transfers In/ (Out)					(264,838)	157,677	(107,161)
Total general revenues and transfers					3,680,815	4,321,769	8,002,584
Change in Net Position					667,406	880,906	1,548,312
Net Position, Beginning					15,896,517	21,891,068	37,787,585
Unrecontiled difference (*Note 21*)					1,745,578	(188,250)	1,557,328
Net Position, Ending					$ 18,309,501	$ 22,583,724	$ 40,893,225

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund (01000)	1/8 Executive Fund (02054)	Senior Citizens Center (20000)	Capital Projects Fund (03030 & 03031)	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 22,155,551	$ 556,835	$ 101,797	$ 1,282,632	$ 3,234,950	$ 27,331,765
Restricted Cash	-	-	-	-	-	-
Investments		329,545	-	-	108,552	438,097
Receivables:						
Accounts Receivable	119,421	1,954	-	-	62,540	183,915
Gross Receipts Taxes	461,509	-	-	-	-	461,509
Due From Other Funds	1,214,801	-	-	-	-	1,214,801
Prepaid Expenses	94,992	-	-	-	-	94,992
Inventory	-	-	-	-	-	-
TOTAL ASSETS	$ 24,046,274	$ 888,334	$ 101,797	$ 1,282,632	$ 3,421,791	$ 29,740,828
LIABILITIES						
Accounts Payable	171,618	-	2,450	-	193,992	368,060
Accrued Liabilities	434,394	-	9,484	-	254,276	698,154
Due to Other Funds	16,829,837	117,985	108,305	325,469	44,377	17,425,973
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	17,435,849	117,985	120,239	325,469	492,645	18,492,187
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	17,435,849	117,985	120,239	325,469	492,645	18,492,187
FUND BALANCES						
Restricted for:						
Special Revenue	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Subsequent Year's Expenditures	386,187	-	-	-	-	386,187
Nonspendable	94,992	-	-	-	-	94,992
Unassigned	6,129,246	770,349	(18,442)	957,163	2,929,146	10,767,462
TOTAL FUND BALANCES	6,610,425	770,349	(18,442)	957,163	2,929,146	11,248,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 24,046,274	$ 888,334	$ 101,797	$ 1,282,632	$ 3,421,791	$ 29,740,828

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total Fund Balance - Governmental Funds		$ 11,248,641
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital Assets	33,715,335	
Less: Accumulated Depreciation	(19,535,820)	
Capital Assets, Net		14,179,515
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		145,053
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred Outflows of Resources Related to GASB 68 - Pension		728,187
Deferred Outflows of Resources Related to GASB 75 - OPEB		383,763
Deferred Inflows of Resources Related to GASB 68 - Pension		(957,481)
Deferred Inflows of Resources Related to GASB 75 - OPEB		(1,619,984)
Unreconciled difference		(160,802)
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:		
Net Pension Liability	(4,206,765)	
Net OPEB Liability	(980,543)	
Compensated Absences Payable	(108,497)	
Accrued Interest Payable	(6,603)	
Long-Term Debt	(334,983)	
Total		(5,637,391)
Net Position of Governmental Activities		$ 18,309,501

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund (01000)	1/8 Economic Development Tax Fund (02054)	Senior Citizens Center (20000)	Capital Projects Fund (03030 & 03031)	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -
Gross Receipts Tax	2,092,367	7,748	-	-	-	2,100,115
Gas and Motor Tax	-	-	-	-	169,453	169,453
Franchise Tax	226,079	-	-	-	-	226,079
Lodgers' Tax	-	-	-	-	838,828	838,828
Federal Operating Grants	-	-	44,069	-	-	44,069
State Operating Grants	3,155,904	-	432,307	616,020	370,439	4,574,670
State Capital Grants	-	-	-	2,013,246	185,919	2,199,165
Charges for Services	1,053,623	-	26,429	105,916	762,892	1,948,860
Licenses and Fees	110,282	-	-	-	41,317	151,599
Lease Revenue	-	-	-	-	14,740	14,740
Investment Income	137,892	1,924	-	-	8,370	148,186
Miscellaneous	88,206	-	29,405	-	179,042	296,653
TOTAL REVENUES	6,864,353	9,672	532,210	2,735,182	2,571,000	12,712,417
EXPENDITURES						
Current						
General Government	4,143,972	-	-	-	-	4,143,972
Public Safety	-	-	-	-	3,018,413	3,018,413
Public Works	-	92,983	-	2,309,209	496,648	2,898,840
Health and Welfare	-	-	577,819	-	-	577,819
TOTAL EXPENDITURES	4,143,972	92,983	577,819	2,309,209	3,515,061	10,639,044
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,720,381	(83,311)	(45,609)	425,973	(944,061)	2,073,373
OTHER FINANCING SOURCES (USES):						
Transfers In	-	174,134	62,111	24,936	1,819,769	2,080,950
Transfers Out	(1,749,652)	-	-	-	(596,136)	(2,345,788)
TOTAL OTHER FINANCING SOURCES (USES)	(1,749,652)	174,134	62,111	24,936	1,223,633	(264,838)
NET CHANGE IN FUND BALANCES	970,729	90,823	16,502	450,909	279,572	1,808,535
FUND BALANCE, BEGINNING	5,639,696	679,526	(34,944)	506,254	2,649,574	9,440,106
FUND BALANCE, END OF YEAR	$ 6,610,425	$ 770,349	$ (18,442)	$ 957,163	$ 2,929,146	$ 11,248,641

STATE OF NEW MEXICO
CITY OF TUCUMCARI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balance - Governmental Funds	$ 1,808,535
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period:	
Loss on Disposal of Assets	-
Capital Outlay	-
Depreciation Expense	-
The activity of the internal service fund is reported with the governmental activities in the statement of activities	582,900
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 - Property Taxes	(1,084,332)
Governmental funds report the City's 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 (Income) Expense	42,136
OPEB (Income) Expense	(454,904)
Unreconciled difference	(270,290)
In the Statement of Activities, operating expenses such as compensated absences and long-term debt are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):	
Payments on Long-Term Debt	43,361
(Increase) Decrease in Accrued Interest Payable	-
(Increase) Decrease in Compensated Absences Payable	-
Change in Net Position of Governmental Activities	$ 667,406

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	$ 370,000	$ 370,000	$ 445,459	$ 75,459
Gross Receipts Taxes	3,611,859	3,611,859	4,689,701	1,077,842
Gas and Motor Taxes	16,000	16,000	22,086	6,086
Franchise Taxes	130,000	130,000	226,079	96,079
State Operating Grants	230,152	230,152	359,540	129,388
State Capital Grants	-	-	368,478	368,478
Charges for Services	1,050,944	1,050,944	1,033,352	(17,592)
Licenses and Fees	36,550	36,550	39,217	2,667
Investment Income	25,000	25,000	137,892	112,892
Miscellaneous	5,500	5,500	4,402	(1,098)
TOTAL REVENUES	5,476,005	5,476,005	7,326,206	1,850,201
EXPENDITURES				
Current				
General Government	2,308,493	2,308,493	3,147,276	(838,783)
Public Safety	1,580,562	1,580,562	1,157,495	423,067
Public Works	131,534	131,534	336,682	(205,148)
Culture and Recreation	613,652	613,652	644,403	(30,751)
TOTAL EXPENDITURES	4,634,241	4,634,241	5,285,856	(651,615)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	841,764	841,764	2,040,350	2,501,816
OTHER FINANCING SOURCES (USES):				
Transfers out	1,589,015	1,589,015	1,749,652	160,637
TOTAL OTHER FINANCING SOURCES (USES)	1,589,015	1,589,015	1,749,652	160,637
Net Increase (Decrease)	(747,251)	(747,251)	$ 3,790,002	$ 2,662,453
Prior Year Cash Balance Budgeted	$ -	$ 747,251		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	$ 7,326,206
Revenues, Actual on Modified Accrual Basis	461,853
Adjustments to Revenue	$ 6,864,353
Expenditures, Actual on a Budget Basis	$ 5,285,856
Expenditures, Actual on Modified Accrual Basis	1,141,884
Adjustments to Expenditures	$ 4,143,972

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – 1/8TH EXECUTIVE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	$ -	$ -	$ -	$ -
Gross Receipts Taxes	7,748	7,748	7,748	-
Investment Income	500	500	1,924	1,424
TOTAL REVENUES	8,248	8,248	9,672	1,424
EXPENDITURES				
Current				
Public Works	200,500	200,500	94,938	105,562
TOTAL EXPENDITURES	200,500	200,500	94,938	105,562
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(192,252)	(192,252)	(85,266)	(104,138)
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	200,000	174,134	(25,866)
TOTAL OTHER FINANCING SOURCES (USES)	200,000	200,000	174,134	(25,866)
Net Increase (Decrease)	7,748	7,748	$ 88,868	$ (130,004)
Prior Year Cash Balance Budgeted	$ -	$ (7,748)		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	$ 9,672
Revenues, Actual on Modified Accrual Basis	-
Adjustments to Revenue	$ 9,672
Expenditures, Actual on a Budget Basis	$ 94,938
Expenditures, Actual on Modified Accrual Basis	1,955
Adjustments to Expenditures	$ 92,983

STATE OF NEW MEXICO
CITY OF TUCUMCARI
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – SENIOR CITIZEN'S CENTER FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	$ -	$ -	$ -	$ -
Lodgers' Taxes	-	-	44,069	44,069
State Operating Grants	185,732	185,732	117,054	(68,678)
Charges for Services	370,729	370,729	26,429	(344,300)
Miscellaneous	-	-	29,405	29,405
TOTAL REVENUES	556,461	556,461	216,957	(339,504)
EXPENDITURES				
Current				
Health and Welfare	581,344	581,344	474,047	107,297
TOTAL EXPENDITURES	581,344	581,344	474,047	107,297
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,883)	(24,883)	(257,090)	(446,801)
OTHER FINANCING SOURCES (USES):				
Transfers in	62,111	62,111	-	(62,111)
TOTAL OTHER FINANCING SOURCES (USES)	62,111	62,111	-	(62,111)
Net Increase (Decrease)	37,228	37,228	$ (257,090)	$ (508,912)
Prior Year Cash Balance Budgeted	$ -	$ (37,228)		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	$ 216,957
Revenues, Actual on Modified Accrual Basis	(315,253)
Adjustments to Revenue	$ 532,210
Expenditures, Actual on a Budget Basis	$ 474,047
Expenditures, Actual on Modified Accrual Basis	(103,772)
Adjustments to Expenditures	$ 577,819

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Enterprise Funds				Internal Service Fund (12000)
	Airport (04055)	Joint Utility (05000)	Sanitation (08075)	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 27,805	$ 6,793,265	$ 53,857	$ 6,874,927	$ 363,897
Investments	-	157,435	285,293	442,728	-
Customer Receivables, Net	538	559,954	181,807	742,299	22,489
Inventory	-	41,422	-	41,422	-
Total Current Assets	28,343	7,552,076	520,957	8,101,376	386,386
Noncurrent Assets:					
Capital Assets	8,309,346	38,099,924	4,481,872	50,891,142	34,746
Accumulated Depreciation	(4,954,846)	(15,726,275)	(2,146,857)	(22,827,978)	-
Total Noncurrent Assets	3,354,500	22,373,649	2,335,015	28,063,164	34,746
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows, Pension Related	19,418	155,346	67,964	242,728	-
Deferred Outflows, ARO	-	237,500	-	237,500	-
Deferred Outflows, OPEB Related	5,745	57,049	23,001	85,795	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,408,006	$ 30,375,620	$ 2,946,937	$ 36,730,563	$ 421,132
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 9,290	$ 1,313,747	$ 24,848	$ 1,347,885	$ 9,984
Accrued Liabilities	3,851	40,807	12,312	56,970	13,354
Due to Other Funds	44,665	-	509,209	553,874	-
Long-Term Debt, Current	-	205,438	-	205,438	-
Total Current Liabilities	57,806	1,559,992	546,369	2,164,167	23,338
Noncurrent Liabilities:					
Long-Term Debt, Noncurrent	-	5,387,782	-	5,387,782	-
Landfill Liability	-	-	4,189,765	4,189,765	-
Net Pension Liability	120,870	863,746	337,823	1,322,439	-
Net OPEB liability	20,261	178,729	71,325	270,315	-
Asset Retirement Obligation	-	250,000	-	250,000	-
Compensated Absences Payable, Noncurrent	5,052	29,519	10,099	44,670	-
Total Noncurrent Liabilities	146,183	6,709,776	4,609,012	11,464,971	-
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows, Pension Related	4,077	29,132	11,395	44,604	118,745
Deferred Inflows, OPEB Related	42,362	309,560	121,175	473,097	133,996
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	250,428	8,608,460	5,287,951	14,146,839	276,079
NET POSITION					
Net Investment in Capital Assets	3,354,500	16,780,429	2,335,015	22,469,944	34,746
Restricted for Debt Service	-	-	-	-	-
Unrestricted (Deficit)	(196,922)	4,986,731	(4,676,029)	113,780	110,307
TOTAL NET POSITION	3,157,578	21,767,160	(2,341,014)	22,583,724	145,053
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 3,408,006	$ 30,375,620	$ 2,946,937	$ 36,730,563	$ 421,132

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2023

	Enterprise Funds				Internal Service Fund (12000)
	Airport (04055)	Joint Utility (05000)	Sanitation (08075)	Total	
OPERATING REVENUES					
Charges for Services	$ 285,894	$ 1,818,671	$ 927,777	$ 3,032,342	$ 373,533
TOTAL OPERATING REVENUES	285,894	1,818,671	927,777	3,032,342	373,533
OPERATING EXPENSES					
Payroll and Benefits	-	662,048	279,871	941,919	241,553
Contractual Services	2,198,856	238,482	3,260	2,440,598	6,704
Supplies and Services	-	220,269	1,286,725	1,506,994	9,316
Administrative Charges	-	677,944	250,000	927,944	197,528
Repairs and Maintenance	-	344,409	70,717	415,126	8,156
Insurance	-	74,645	21,461	96,106	6,311
Landfill	-	13,220	82,771	95,991	-
Utilities and Other	-	43,207	5,413	48,620	12,077
TOTAL OPERATING EXPENSES	2,198,856	2,274,224	2,000,218	6,473,298	481,645
OPERATING INCOME (LOSS)	(1,912,962)	(455,553)	(1,072,441)	(3,440,956)	(108,112)
NON-OPERATING REVENUES (EXPENSES)					
Interest Expense	-	(358,992)	-	(358,992)	-
OPEB	-	72,767	1,094,884	1,167,651	579,850
Investment Income	-	2,143,500	3,021	2,146,521	141
Miscellaneous Revenue	-	1,208,845	67	1,208,912	3,861
Amortization of Landfill Liability	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	3,066,120	1,097,972	4,164,092	583,852
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(1,912,962)	2,610,567	25,531	723,136	475,740
Transfers In	47,603	876,344	-	923,947	107,160
Transfers Out	-	(766,270)	-	(766,270)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	47,603	110,074	-	157,677	107,160
CHANGE IN NET POSITION	(1,865,359)	2,720,641	25,531	880,813	582,900
NET POSITION, BEGINNING	5,022,937	19,046,519	(2,366,545)	21,702,911	(437,847)
NET POSITION, ENDING	$ 3,157,578	$ 21,767,160	$ (2,341,014)	$ 22,583,724	$ 145,053

STATE OF NEW MEXICO
CITY OF TUCUMCARI
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2023

	Enterprise Funds				
	Airport (04055)	Joint Utility (05000)	Sanitation (08075)	Total	Internal Service Fund (12000)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Cash Received from User Charges	$ 285,894	$ 1,570,230	$ 814,190	$ 2,670,314	$ 610,773
Cash Payments to Employees for Services	(3,244,953)	$ (3,123,005)	(1,949,655)	$ (8,317,613)	(476,625)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,959,059)	(1,552,775)	(1,135,465)	(5,647,299)	134,148
CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES					
Net Transfers to / (from) Other Funds	47,603	110,074	-	157,677	
Interfund loaned (Repaid) Received	(29,974)	-	-	(29,974)	-
NET CASH PROVIDED BY (USED IN) NON CAPITAL FINANCING ACTIVITIES	17,629	110,074	-	127,703	-
CASH PROVIDED BY (USED IN) CAPITAL FINANCING ACTIVITIES					
Interest and Admin Fees Paid	-	(358,992)	-	(358,992)	-
NET CASH PROVIDED BY (USED IN) CAPITAL FINANCING ACTIVITIES	-	(358,992)	-	(358,992)	-
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Proceeds from disposal of capital assets	2,969,235	-	-	2,969,235	147,327
Purchase of capital assets	-	-	(347,752)	(347,752)	-
Interest Received on Investments	-	2,143,500	3,021	2,146,521	141
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,969,235	2,143,500	(344,731)	4,768,004	147,468
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,805	341,807	(1,480,196)	(1,110,584)	281,616
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	6,451,458	1,534,053	7,985,511	82,281
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,805	$ 6,793,265	$ 53,857	$ 6,874,927	$ 363,897
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating Income (Loss)	(1,910,870)	(451,154)	(11,243)	(2,373,267)	89,416
Depreciation Expense	-	-	-		
Noncash Pension Expense (Benefit)	(30,710)	-	-	(30,710)	-
Noncash OPEB Expense (Benefit)	9,892	72,767	27,288	109,947	-
Changes In:					
(Increase) Decrease in Receivables	-	(186,302)	(113,654)	(299,956)	(22,849)
(Increase) Decrease in Inventory	57,318	(23,908)	-	33,410	-
Increase (Decrease) in Accounts Payable	8,371	1,308,234	19,805	1,336,410	8,996
Increase (Decrease) in Accrued Liabilities	(7,635)	(114,270)	(58,467)	(180,372)	(3,976)
Increase (Decrease) Compensated Absences	1,436	(889)	6,441	6,988	-
Increase (Decrease) in Landfill Liability	-	-	(206,156)	(206,156)	-
Increase (Decrease) in Customer Deposits	-	(366,049)	-	(366,049)	-
Increase (Decrease) in Accrued Interest Payable	-	(62,139)	-	(62,139)	-
Unreconciled amount	(1,086,861)	(1,729,065)	(799,479)	(3,615,405)	62,561
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (2,959,059)	$ (1,552,775)	$ (1,135,465)	$ (5,647,299)	$ 134,148

NOTE 1. Summary of Significant Accounting Policies

The City of Tucumcari ("City") was incorporated in 1908, under provisions of Chapter 3, Article 1, 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 City and its inhabitants;
7. Preserve peace and order within the City; 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 the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

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

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 statements No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

A second criterion used 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 and changes in net position) report information on all of the non-fiduciary 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.*

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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

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

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

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

The Custodial Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have measurement focus. Custodial funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets the City holds for others in a custodial capacity. The City had no custodial funds as of June 30, 2023.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

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

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the *General Fund* and the *Intergovernmental Grants Fund*. No other funds were required to be presented as major, at the discretion of management. The City reports the following major governmental funds:

General Fund (01000) – the City'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 primarily through property, gross receipts and other miscellaneous taxes.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

1/8% Economic Development Tax Fund (02054) - is used to account for funds used for Infrastructure Improvements, i.e., Debt, Economic Development Plans and Projects. This fund was created under the authority of 7-19D-11 NMSA 1978 the Gross Receipts and Compensation Tax Act.

Senior Citizens' Center Fund (20000) - is used 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.

Capital Projects Fund (03030 & 03031) - accounts for the acquisition of fixed assets or construction of major capital projects not financed by proprietary or nonexpendable trust funds.

The City reports its proprietary funds as a major business-type funds.

Major Enterprise Funds:

Airport Fund (04055) - accounts for all activities necessary to provide air services.

Joint Utility Fund (05000) - accounts for all activities necessary to provide water and sewer services for the residents of the City.

Sanitation Fund (08075) accounts for all activities necessary to provide solid waste refuse collection services provided by the City.

Internal Service Fund (12000) accounts for administrative services in connection with billing, collecting and administering enterprise accounts receivable. Services are provided on a cost reimbursement basis.

The Rural Rental Housing Loans Fund is not presented in the current year as the trial balance for this fund was unavailable. As a result, beginning fund balance of the enterprise funds has a variance of $181,157. In addition, the corresponding cash balance on the statement of cash flows shows a variance of $233,425 on the beginning balance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Program revenues reduce the cost of the function to be financed from the City's general revenues. Amounts reported as *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*. 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.

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 function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service 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 various utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Inflows of Resources, Liabilities, Deferred Outflows of Resources and Net Position or Fund Equity

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

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

Investments for the City are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of interfund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

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

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 County may assess penalties and interest. The taxes attach as an enforceable lien on property 30 days thereafter, at which time they become delinquent.

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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). Library books are expensed as purchased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Asset Type	Years
Buildings and Improvements	20-40
Infrastructure	40-60
Land Improvements	15-20
Vehicles, Furniture and Equipment	5-10

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.

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. No unearned revenues were reported as of June 30, 2023.

Deferred Outflows / Inflows of Resources: *Deferred Outflow 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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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 (measurable 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.

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Balance: The City has implemented the provisions of GASB 54. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City. These amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City or through the City delegating this responsibility to the City through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Fund Balance (continued): The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Fund Balance for Subsequent Years Expenditures: According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the City is required to reserve 1/12th of the General Fund's expenditures for subsequent year expenditures to maintain an adequate cash flow. For 2023, this amount was $386,187.

Net Position: For the government-wide statement of net position, the net position is reported in three categories: net investment in capital assets, restricted and unrestricted.

> Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction or improvement of those assets.
>
> Restricted net position – Net position is reported as restricted when constraints placed on net position use either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted net position – Net position which does not meet the definition of "restricted" and "net investment in capital assets".

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

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.

NOTE 1. Summary of Significant Accounting Policies (continued)

Tax Revenues: The City receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The City recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The City records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Property taxes classified as deferred inflows of resources are recorded only when the information is available and provided.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Commissioners and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Commissioners and the Department of Finance and Administration. The legal level of budgetary control is at the fund level. 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.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

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

The City Commission may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, 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, 2023 is presented.

NOTE 2. Stewardship, Compliance, and Accountability (continued)

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2023.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest-bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least one half the amount in excess of FDIC coverage on deposit with the institution.

NOTE 3. Deposits and Investments (continued)

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

Type of Account	Wells Fargo Bank	NM Bank and Trust	Unreconciled Difference	Total
Checking Accounts	243,675	17,768,611	16,194,406	$ 34,206,692
Savings / CDs	-	-	-	-
Total by Bank				-
Less: FDIC Coverage	243,675	250,000	-	493,675
Total Uninsured Public Funds	-	17,518,611	-	17,518,611
50% Collateralization Requirement	-	8,759,306		8,759,306
Pledged Securities	-	-	-	-
(Over) Under collateralized	$ -	$ 8,759,306	$ -	$ 8,759,306

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

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that in the event of counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged for bank accounts in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit with the institution.

Investments - The City's investments at June 30, 2023 are $880,825 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

Receivables as of June 30, 2023, are as follows:

Governmental Activities:

	General Fund	1/8TH Economic Dev. Tax	Senior Citizens Center	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Tax Receivable:						
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Gross Receipts Taxes	461,509	-	-	-	-	461,509
Other Taxes	-	-	-	-	-	-
Total Tax Receivable	461,509	-	-	-	-	461,509
Grants Receivable	-	-	-	-	-	-
Accounts Receivable	119,421	1,954	-	-	62,540	183,915
Total Receivables	$ 580,930	$ 1,954	$ -	$ -	$ 62,540	$ 645,424

NOTE 4. Receivables (continued)

The above governmental receivables are deemed by management to be fully collectible.
Business-Type Activities:

	Enterprise Funds				
	Airport	Joint Utility	Sanitation	Total	Internal Service
Customer Receivables	$ 538	$ 559,954	181,807	$ 742,299	22,489
Gross Receipts Taxes	-	-	-	-	-
Total Receivables	538	559,954	181,807	742,299	22,489
Less: Allowance for Doubtful Accounts	-	-	-	-	-
Receivables, Net	$ 538	$ 559,954	$ 181,807	$ 742,299	$ 22,489

The above business-type receivables have no provisions for allowance for doubtful accounts at management's discretion.

NOTE 5. Transfers and Interfund Activity

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, 2023 is as follows:

Due From:	
General Fund	1,214,801
Total Due From	$ 1,214,801
Due To:	
1/8th Economic Development Tax	$ 117,985
Senior Citizens Center	108,305
Capital Projects Fund	325,469
EMS Fund - Special Revenue Fund	-
Nonmajor Governmental Funds	44,377
General Fund	16,829,837
Total Due To	$ 17,425,973
Total	$ (16,211,172)
Reconciliation to Government Wide	
Due from:	
Joint Utility	-
Airportt	-
Total Due From	$ -
Due to:	
Airport	44,665
Sanitation	509,209
Total Due To	$ 553,874
Total	(553,874)

NOTE 5. Transfers and Interfund Activity (Continued)

Transfer In			
	1/8 Economic Dev. Tax	$	174,134
	Capital Projects Fund		24,936
	Senior Center		62,111
	Nonmajor Governmental Funds		1,819,769
Transfer Out	Total Transfer In		2,080,950
	General Fund	$	1,749,652
	Nonmajor Governmental Funds		596,136
	Total Transfer Out		2,345,788
	Total	$	(264,838)
Transfer In			
	Airport	$	47,603
	Internal Service		107,160
	Joint Utility		876,344
Transfer Out	Total Transfer In	$	1,031,107
	Joint Utility	$	766,270
	Sanitation		-
	Total Transfer Out		766,270
	Total Transfers	$	264,837

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2023, follows:

Governmental Activities:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 2,037,488	$ -	$ -	$ 2,037,488
Historical Works of Art	42,296			42,296
Construction in Progress	1,788,972	-	-	1,788,972
Total Capital Assets Not Being Depreciated	3,868,756	-	-	3,868,756
Capital Assets Being Depreciated:				
Building & Improvements	11,581,303	-	-	11,581,303
Infrastructure	11,364,282	-	-	11,364,282
Machinery and Equipment	3,017,816	-	-	3,017,816
Vehicles	3,883,178	-	-	3,883,178
Total Capital Assets Being Depreciated	29,846,579	-	-	29,846,579
Total Capital Assets	33,715,335	-	-	33,715,335
Accumulated Depreciation:				
Building & Improvements	(9,841,475)	-	-	(9,841,475)
Infrastructure	(4,096,849)	-	-	(4,096,849)
Machinery and Equipment	(2,269,553)	-	-	(2,269,553)
Vehicles	(3,327,943)	-	-	(3,327,943)
Total Accumulated Depreciation	(19,535,820)	-	-	(19,535,820)
Capital Assets, Net	$ 14,179,515	$ -	$ -	$ 14,179,515

Depreciation expense for the year ended June 30, 2023 was $0.

Function	
General Governmental	$ -
Public Safety	-
Public Works	-
Culture and Recreation	
Health and Welfare	-
Total	$ -

NOTE 6. Capital Assets (continued)

Business-Type Activities:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 1,242,939			$ 1,242,939
Construction in Progress	3,056,631	-	-	3,056,631
Total Capital Assets Not Being Depreciated	4,299,570	-	-	4,299,570
Capital Assets Being Depreciated:				
Building & Improvements	14,031,046	-	-	14,031,046
Infrastructure	28,312,047	-	4,427,443	23,884,604
Machinery and Equipment	7,013,276	-	-	7,013,276
Vehicles	1,662,646	-	-	1,662,646
Total Capital Assets Being Depreciated	51,019,015	-	4,427,443	46,591,572
Total Capital Assets	55,318,585	-	4,427,443	50,891,142
Accumulated Depreciation:				
Building & Improvements	(10,911,073)	-	-	(10,911,073)
Infrastructure	(11,187,693)	-	(6,572,278)	(4,615,415)
Machinery and Equipment	(5,688,918)	-		(5,688,918)
Vehicles	(1,612,572)	-	-	(1,612,572)
Total Accumulated Depreciation	(29,400,256)	-	(6,572,278)	(22,827,978)
Capital Assets, Net	$ 25,918,329	$ -	$ (2,144,835)	$ 28,063,164

Depreciation expense relating to business-type activities for the year ended June 30, 2023 was $0.

Depreciation Expense	
Airport	$ -
Joint Utility	-
Sanitation	-
Tucumcari Housing	-
Total	$ -

NOTE 7. Long-term Debt

During the year ended June 30, 2023, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
NMFA Swimming Pool #15	$ 59,988	$ -	$ 14,669	$ 45,319	$ 15,583
NMFA Police Facility #5	318,356	-	28,692	289,664	30,481
Total Loans	378,344	-	43,361	334,983	46,064
Compensated Absences Payable	108,497	-	-	108,497	32,549
Total Long-Term Debt	$ 486,841	$ -	$ 43,361	$ 443,480	$ 78,613

Interest expense paid on governmental activities long-term debt totaled $0 for the year ended June 30, 2023 as reported on the statement of activities.

The City has entered into several loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived gross receipts tax to cover debt service. This revenue is subject to intercept agreements. The City pledged future GRT revenues of $0 at June 30, 2023 to repay the outstanding loans.

During the year ended June 30, 2023, the City recognized $0 in GRT revenues pledged to retire the loan indebtedness.

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

NMFA Loans **Fiscal Year Ending**	**Principal**	**Interest**	**Total**
2024	46,064	10,722	56,786
2025	47,529	9,309	56,838
2026	35,126	6,250	41,376
2027	28,472	4,500	32,972
2028	36,583	4,811	41,394
2029-2032	141,209	8,299	149,508
Total	$ 334,983	$ 43,891	$ 378,874

NOTE 7. Long-term Debt (continued)

Business-Type Activities:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Revenue Bonds	$ 3,982,766	$ 308,616	$ 91,070	$ 4,200,312	$ 95,040
NMFA Loans	978,157	-	80,537	897,620	80,739
USDA Loan - FmHA	522,471	-	27,183	495,288	29,659
Total Loans and Bonds Payable	5,483,394	308,616	198,790	5,593,220	205,438
Compensated Absences Payable	37,682	6,988	-	44,670	-
Total Long-Term Debt	$ 5,521,076	$ 315,604	$ 198,790	$ 5,637,890	$ 205,438

The City had the following Revenue Bonds outstanding as of June 30, 2023:

Description	Date of Issue	Maturity date	Interest Rate	Original Amount of Issue	Balance June 30, 2023	Pledged Revenues
USDA/RUS 2005	12/15/2009	12/15/2045	4.250%	$ 615,200	$ 487,200	Joint water and Sanitary System
USDA/RUS 2007A	12/12/2007	12/12/2047	4.250%	$ 1,283,000	$ 1,023,370	Joint water and Sanitary System
USDA/RUS 2007B	2/12/2007	12/12/2047	4.375%	$ 250,000	$ 200,440	Joint water and Sanitary System
USDA/RUS 2008A	12/17/2008	12/17/2048	4.500%	$ 564,486	$ 464,386	Joint water and Sanitary System
USDA/RUS 2010	Apr-10	Apr-50	2.750%	$ 2,188,000	$ 1,716,300	Joint water and Sanitary System
					-	
					$ 3,891,696	

The City has the following USDA loans outstanding as of June 30, 2023:

Description	Date of Issue	Maturity date	Interest Rate	Subsidy Rate	Original Amount of Issue	Balance June 30, 2023
USDA Loan FmHA	5/27/1999	5/27/2034	1.000%	8.875%	$ 798,000	$ 495,288

NOTE 7. Long-term Debt (continued)

The City has the following NMFA loans outstanding as of June 30, 2023:

Description	Date of Issue	Maturity date	Interest Rate	Original Amount of Issue	Balance June 30, 2023	Pledged Revenues
NMFA Tucumcari WTB 449	11/7/2014	6/1/2034	0.250%	$ 222,427	$ 126,266	Water and Wastewater Utility System
NMFA Tucumcari DW2728	4/19/2013	6/1/2034	0.250%	$ 394,750	$ 240,181	Water and Wastewater Utility System
NMFA Tucumcari 96-WTB	5/1/2009	6/1/2029	0.250%	$ 350,000	$ 106,845	Water and Wastewater Utility System
NMFA Tucumcari DW2876	4/19/2013	6/1/2034	0.250%	$ 225,643	$ 149,830	Water and Wastewater Utility System
NMFA Tucumcari	1/30/2009	2/1/2030	0.250%	$ 50,480	$ 13,249	Water and Wastewater Utility System
NMFA Tucumcari DW3448	4/29/2016	5/1/2038	0.250%	$ 363,472	$ 261,249	Water and Wastewater Utility System
					$ 897,620	

Interest expense paid on business-type activities long-term debt totaled $0 for the year ended June 30, 2023, as reported on the statement of revenues, expenses, and changes in net position.

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

Amortization: Revenue Bonds

Fiscal Year Ending	Principal	Interest	Total
2024	94,840	139,990	234,830
2025	97,650	136,447	234,097
2026	101,610	132,951	234,561
2027	104,720	129,286	234,006
2028	108,890	125,622	234,512
2029-2033	476,430	565,521	1,041,951
2034-2038	725,030	446,596	1,171,626
2039-2043	868,950	303,163	1,172,113
2044-2048	979,000	132,921	1,111,921
2049-2050	334,576	8,577	343,153
Total	$ 3,891,696	$ 2,121,074	$ 6,012,770

NOTE 7. Long-term Debt (continued)

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

Amortization: NMFA Loans

Fiscal Year Ending	Principal	Interest	Total
2024	80,735	2,277	83,012
2025	80,936	2,075	83,011
2026	81,139	1,872	83,011
2027	81,343	1,670	83,013
2028	81,543	1,466	83,009
2029-2033	325,251	4,600	329,851
2034-2038	166,673	1,052	167,725
Total	$ 897,620	$ 15,012	$ 912,632

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

Amortization: USDA Loan

Fiscal Year Ending	Principal	Interest	Total
2024	29,659	42,018	71,677
2025	32,361	39,316	71,677
2026	35,309	36,368	71,677
2027	38,526	33,152	71,678
2028	42,035	29,642	71,677
2029-2033	275,085	83,303	358,388
2034-2038	42,313	1,193	43,506
Total	$ 495,288	$ 264,992	$ 760,280

NOTE 8. Landfill Liability

The City reported a landfill liability in the amount of $4,189,765 for the year ending June 30, 2023.

NOTE 9. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The City of Tucumcari participates in the New Mexico Self-Insurer's Fund risk pool. The City pays an annual premium to the pool based on claim experience and the status of the pool. The City is not liable for more than the premium paid.

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. Insurance coverage's have not changed significantly from prior years and coverages are expected to be continued. At June 30, 2023, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City of Tucumcari.

New Mexico Self-Insurers' Fund has not provided information or an entity-by-entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 10. Other Required Individual Fund Disclosures

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

    - The following funds had deficit fund balances at June 30, 2023:
        - Senior Citizens Center (20000) – ($18,442)
        - Map and Co-Op (03032) – ($1,721)
        - Co-Op (03035) – ($53,563)
        - Golf Cap. Imp. (03037) – ($6,856)
        - Sanitation (08075) – ($2,347,412)

2. The following funds had expenditures in excess of appropriations:
    - General Fund (01000) – ($651,615)

3. Designated cash appropriations in excess of available balances. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2023.

NOTE 11. Contingent Liabilities

The City is party to various claims and lawsuits arising in the normal course of business. Management and the City's attorney are unaware of any material pending or threatened litigation, claims or assessments against the City which are not covered by the City's insurance as described in *Note 8*.

NOTE 12. Federal and State Grants

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

NOTE 13. Construction Commitments

The City had no construction commitments for the year ended June 30, 2023.

NOTE 14. Public Employees Retirement Association - Pension Plan

Plan description: Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for 6178.

Benefits provided: Benefits are generally available at age 65 with five or 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 five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 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 5 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.

NOTE 14. Public Employees Retirement Association - Pension Plan (continued)

Contributions: The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY23 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures in the PERA fiscal year 2022 annual audit report at:
http://s3.amazonaws.com/boardaudio/cafr/NM%20PERA%20CAFR%202119%20Final.pdf

For PERA Fund Division Municipal General, at June 30, 2023, the City reported a liability of $3,897,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. 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, 2022, the City's proportion was 0.219720%, which was a decrease of 0.01398% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension income of $57,043. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,623	$ 94,778
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	385,688	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	30,934	710,413
The City's contributions subsequent to the measurement date	258,097	-
Total	$ 690,342	$ 805,191

NOTE 14. Public Employees Retirement Association - Pension Plan (continued)

$258,097 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		Amount
2023	$	(261,295)
2024		(249,220)
2025		(166,959)
2026		304,528
2027		-
Total	$	(372,946)

For PERA Fund Municipal Police Division, at June 30, 2023, the City reported a liability of $1,632,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. 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, 2022, the City's proportion was 0.203070%, which was a decrease of 0.01943% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of $99,182 At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	42,511	$	-
Changes of assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		142,602		196,894
Changes in proportion and differences between the City's contributions and proportionate share of contributions		-		-
The City's contributions subsequent to the measurement date		95,460		-
Total	$	280,573	$	196,894

NOTE 14. Public Employees Retirement Association - Pension Plan (continued)

$95,460 was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		Amount
2023	$	(26,340)
2024		(38,289)
2025		(60,568)
2026		113,416
2027		-
Total	$	(11,781)

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization period	Level Percentage of Payroll
Asset valuation method	Solved for based on statutory rate
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00% annual rate
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generational. For nonpublic safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2021 actuarial valuation.

NOTE 14. Public Employees Retirement Association - Pension Plan (continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50%	1.90%
Credit Oriented Fixed Income	15.00%	4.45%
Real Assets to include Real Estate Equity	20.00%	5.10%
Multi-Risk Allocation	10.00%	6.65%
Total	100.0%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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.

NOTE 14. Public Employees Retirement Association - Pension Plan (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Municipal Government Division	**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
The City's proportionate share of the net pension liability	$ 5,897,287	$ 3,897,192	$ 2,235,642

PERA Fund Municipal Police Division	**1% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1% Increase (8.25%)**
The City's proportionate share of the net pension liability	$ 2,448,511	$ 1,632,012	$ 963,962

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, 2023, there were $0 in contributions due and payable to PERA for the City.

NOTE 15. Post-Employment Benefits

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.

NOTE 15. Post-Employment Benefits (continued)

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 copayments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2023, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	53,092
Inactive and eligible for deferred benefits	11,759
Current Active Members	92,520
	157,371
Active membership	
State general	18,691
State police and corrections	1,919
Municipal General	20,357
Municipal Police	1,573
Municipal FIRE	756
Educational Retirement Board	49,224
	92,520

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 $0 for the year ended June 30, 2023.

NOTE 15. Post-Employment Benefits (continued)

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

At June 30, 2023, the City reported a liability of $1,250,858 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2022. At June 30, 2022, the City's proportion was 0.05411%.

For the year ended June 30, 2023, the City recognized OPEB income of $454,904. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 20,805	$ 185,404
Difference between actual and projected earnings on OPEB plan investments	17,248	-
Changes of Assumptions	266,903	927,247
Change in Proportion	101,607	980,430
Contributions made after the measurement date	62,995	-
Total	$ 469,558	$ 2,093,081

Deferred outflows of resources totaling $62,995 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended	Amount
2023	$ (483,443)
2024	(466,661)
2025	(305,228)
2026	(317,244)
2027	(113,942)
Total	$ (1,686,518)

NOTE 15. Post-Employment Benefits (continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to June 30, 2023 using the following actuarial assumptions:

Valuation Date	June 30, 2021
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	2.30% for ERB members; 2.50% for PERA members
Projected payroll increases	3.25% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, 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 years for Medicare medical plan costs
Mortality	ERB members: 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. PERA members: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

NOTE 15. Post-Employment Benefits (continued)

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.

Asset Class	Target Allocation	Long-term Rate of Return
U.S core fixed income	20%	0.4%
U.S equity - large cap	20%	6.6%
Non U.S. - emerging markets	15%	9.2%
Non U.S - developed equities	12%	7.3%
Private equity	10%	10.6%
Credit and structured finance	10%	3.1%
Real estate	5%	3.7%
Absolute return	5%	2.5%
U.S equity - small / mid cap	3%	6.6%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.62% as of June 30, 2021. 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, 2052. Thus, the 7.00% discount rate was used to calculate the net OPEB liability through 2052. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa orhigher was used beyond 2052, resulting in a blended discount rate of 3.62%.

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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

1% Decrease 2.62%	Current Discount 3.62%	1% Increase 4.62%
$ 1,556,615	$ 1,250,858	$ 1,007,077

NOTE 15. Post-Employment Benefits (continued)

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:

1% Decrease	Current Trend Rates	1% Increase
$ 1,002,263	$ 1,250,858	$ 1,462,726

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, 2023.

Payable Changes in the Net OPEB Liability. The City remits the legally required employer and employee contributions on a monthly basis to NMRHCA. At June 30, 2023, there were $0 in contributions due and payable to NMRHCA for the City.

NOTE 16. Asset Retirement Obligation

The City accounts for certain costs associated with the future dismantling and removal of the Wastewater Treatment Plant in accordance with GASB Statement No. 83, Certain Asset Retirement Obligations. Under Statement No. 83, the act of placing the plant into operation required the City to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities that state and federal laws requires the City to perform upon future retirement of the plant. The plant currently has an estimated 20-year remaining life.

The $250,000 reported as a liability at June 30, 2022 was determined based on probability-weighted engineering estimates of what it would cost to perform all dismantling and removal tasks. Actual cost may be higher due to inflation, changes in technology, or changes in regulation

NOTE 17. Memorandums of Understanding / Joint Powers Agreements

Road Work Service
Purpose: To provide road work services.
Participants: City of Tucumcari and Torrance County
Responsible Party for Operation and Audit: Torrance County
Beginning and Ending Date of Agreement: Started October 8, 2003, and continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

House Inmates
Purpose: To provide support for house inmates.
Participants: City of Tucumcari and Torrance County
Responsible Party for Operation and Audit: Torrance County
Beginning and Ending Date of Agreement: Started October 9, 1997 and continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Universal 911 addressing system
Purpose: To provide support for universal 911 addressing system.
Participants: City of Tucumcari and Torrance County
Responsible Party for Operation and Audit: Torrance County
Beginning and Ending Date of Agreement: Started 1998 and continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

911 Communicating System
Purpose: To provide support for 911 communicating system.
Participants: City of Tucumcari and Torrance County
Responsible Party for Operation and Audit: Torrance County
Beginning and Ending Date of Agreement: Started 1999 and continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Wildfire Suppression
Purpose: A joint powers agreement to assist and cooperate with wildland fire suppression and management assistance.
Participants: City of Tucumcari, and NM Energy, Minerals and Natural Resource Development (EMNR)
Responsible Party for Operation and Audit: EMNR
Beginning and Ending Date of Agreement: Started 2007 and continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Solid Waste Authority
Purpose: Agreement between Torrance County Solid Waste Authority
Participants: City of Tucumcari, Torrance County, City of Encino, City of Moriarty, and City of Willard
Responsible Party for Operation and Audit: Torrance County
Beginning and Ending Date of Agreement: Started December 16, 1993 and is continuous unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

NOTE 17. Memorandum of Understanding/Joint Powers Agreements (continued)

Fire Suppression Assistance

Purpose: To provide automatic aid and assistance to one another in suppressing structural fire and to protect and promote public health, welfare, and safety to their citizens.
Participants: City of Tucumcari, and Torrance County
Responsible Party for Operation and Audit: City of Tucumcari, and Torrance County
Beginning and Ending Date of Agreement: Remain effective March 2015 unless terminated by either party
Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

NOTE 18. New Accounting Standards

The City conforms to the pronouncements of the Governmental Accounting Standards Board (GASB), which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

The following pronouncements have been issued but are not yet effective and will be evaluated in year of implementation:

- GASB Statement No. 97, Certain Component Unit Criteria
- GASB Statement No. 99, Omnibus 2022
- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB No. 62
- GASB Statement No. 101, Compensated Absences
- GASB Statement No. 92, Omnibus 2020

The following pronouncements that are issued and effective are not deemed to be applicable to the City:

- GASB Statement No. 89, Interest Costs Incurred before end of Construction
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The following pronouncements that are issued and effective have been adopted in the current or previous year:

- GASB Statement No. 87, Leases
- GASB Statement No. 98, The Annual Comprehensive Report

NOTE 19. Tax Abatements

The City has evaluated GASB 77 with regard to tax abatements and has determined that the City is not a party to any agreements that abate taxes.

NOTE 20. Subsequent Events

The City has evaluated subsequent events through June 25, 2026, the date the financial statements were available to be issued and the following transactions occurred:

The City approved a Comprehensive Plan for $50,000;

The City purchased a Pickup for the Wastewater Department for $60,000;

A new loan from NMED approved in the amount of $41,400,000.

The City received new funding in the amount of $500,000 for a CDBG Grant for Recreation Center Roof;

The City awarded contract to Ag Services Construction for $2,480,657 for Phase II Reuse Project;

The City expended $98,685 for asbestos removal at the Recreation Center;

The City awarded Connie Loveland $50,000 for contract related to the Mainstreet Program;

The City received funding from NM Aging & LT Services in the amount of $75,000 for the Senior Center;

The City received funding for continuation of the Hoover Tank Project in the amount of $2,800,000;

The City approved contract #4391223 with Lamar for 3 billboards

The City approved agreement for purchase between the city and Christopher Maestas for property at 407 East Maple

The City approved a lease agreement between the city and Casy Gonzales regarding Airport Property. Lease is $11,200 a year

The City approved a Change to order from CoT Landfill solid waste 20 yr permit. Additional 20k increase. 20 yr permit was approved for $134,991. Permit expires 5/31/2025

The City approved the agreement for Funding from the Law Enforcement Recruitment Fund

The City approved owner contract agreement for second street improvements. Expenditure amount changed from $400,000 to $156,000.

The Governor signed new bill. City will receive $750k for their northside water project.

EPCOG Admin services for 2024 CDBG grant. City was awarded 500k for recreation center improvements

CDBG Grant Agreement for recreation center. 500k grant with a 10% match by the city. This was approved and accepted

Approval of adoption of mileage and per diem rates

Acceptance of 121k from NM Tourism for Tucumcari Wayfinding project

NOTE 20. Subsequent Events (Continued)

CDBG Supplemetnal funding 300k to CDBG Recreation center grant 23-C-NR-I-03-G-07 New roof for total of $886,881

The city hired a new Finance Director, Lisa Downey

The City approved an Amendment for Loan CWSRF 102. Additional 2,616,917 added to the existing loan of 707,730

The City approved a Resolution for 2025-12. Transportation Project Fund Applciation 3rd street. Motion to approve. This is for 1.610M and the city match at 5%

The City approved a Legal Services with Harwood & Piermont

The City approved a Legal Services Agreement with Ylaw P.C.

None of the aforementioned transactions required adjustment, disclosure, or any recognition in the accounts.

NOTE 21. Unreconciled Differences

Due to the reasons explained in the Auditors Opinion, certain unexplained variances, as a result of unreconciled accounts and/or unaudited balances are delineated as “unreconciled difference” in the statements and are not substantiated by audit evidence and were required to balance the statements. For the Governmental Activities this amount was $1,745,578. For the Business Type Activities this amount was $188,250 - $181,157 attributed to the Rural Rental Housing Loans Fund (See note 1), and an unknown difference of $7,093.In the Reconciliation of the governmental activities balance sheet to the statement of net position this amount is $(160,802) and in the reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balance to the Statement of Activities this amount is $(270,290).

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF 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*

MUNICIPAL GENERAL DIVISION

	2023	2022	2021
City's proportion of the net pension liability	0.2197%	0.2337%	0.3097%
City's proportionate share of the net pension liability	$ 3,897,192	$ 2,633,483	$ 6,262,838
City's covered-employee payroll	$ 3,044,322	$ 2,294,765	$ 2,466,749
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.02%	114.76%	253.89%
Plan fiduciary net position as a percentage of the total pension liability	75.25%	77.25%	66.36%

	2020	2019	2018
City's proportion of the net pension liability	0.3001%	0.3261%	0.3166%
City's proportionate share of the net pension liability	$ 5,195,029	$ 5,199,241	$ 4,350,352
City's covered-employee payroll	$ 2,820,927	$ 2,748,420	$ 2,781,385
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.16%	189.17%	156.41%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%

	2017	2016
City's proportion of the net pension liability	0.3423%	0.3336%
City's proportionate share of the net pension liability	$ 5,468,802	$ 3,401,341
City's covered-employee payroll	$ 2,897,089	$ 2,239,005
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.77%	151.91%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%

*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, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF 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*

MUNICIPAL POLICE DIVISION

	2023	2022	2021
City's proportion of the net pension liability	0.2031%	0.2225%	0.2566%
City's proportionate share of the net pension liability	$ 1,632,012	$ 1,150,446	$ 2,203,860
City's covered-employee payroll		$ 417,279	$ 597,051
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		275.70%	369.12%
Plan fiduciary net position as a percentage of the total pension liability		77.25%	66.36%

	2020	2019	2018
City's proportion of the net pension liability	0.2580%	0.2542%	0.2177%
City's proportionate share of the net pension liability	$ 1,905,766	$ 1,734,418	$ 1,209,466
City's covered-employee payroll	$ 583,956	$ 574,163	$ 542,232
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	326.35%	302.08%	223.05%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%

	2017	2016
City's proportion of the net pension liability	0.2517%	0.2598%
City's proportionate share of the net pension liability	$ 1,857,117	$ 1,106,931
City's covered-employee payroll	$ 450,564	$ 512,397
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	412.18%	216.03%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%

*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, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF THE CITY'S CONTRIBUTIONS - PERA Fund – Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last Ten Fiscal Years*

	2023	2022	2021
Contractually required contribution	258,097	224,887	241,702
Contributions in relation to the contractually required contribution	258,097	224,887	241,702
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	3,044,322	2,294,765	2,466,746
Contributions as a percentage of covered-employee payroll	8.48%	9.80%	9.80%

	2020	2019	2018
Contractually required contribution	275,949	261,806	262,430
Contributions in relation to the contractually required contribution	275,949	261,806	262,430
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	2,820,927	2,741,481	2,748,420
Contributions as a percentage of covered-employee payroll	9.78%	9.55%	9.55%

	2017	2016	2015
Contractually required contribution	265,622	276,672	213,825
Contributions in relation to the contractually required contribution	265,622	276,672	(213,825)
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	2,781,385	2,897,089	2,239,005
Contributions as a percentage of covered-employee payroll	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, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF THE CITY'S CONTRIBUTIONS - PERA Fund – Municipal Police Division
Public Employees Retirement Association (PERA) Plan
Last Ten Fiscal Years*

	2023	2022	2021
Contractually required contribution	95,460	79,909	114,336
Contributions in relation to the contractually required contribution	95,460	79,909	114,336
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	3,044,322	417,279	597,051
Contributions as a percentage of covered-employee payroll	3.14%	19.15%	19.15%
	2020	**2019**	**2018**
Contractually required contribution	111,778	108,526	102,482
Contributions in relation to the contractually required contribution	111,778	108,526	102,482
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	583,956	574,163	542,232
Contributions as a percentage of covered-employee payroll	19.14%	18.90%	18.90%
	2017	**2016**	**2015**
Contractually required contribution	85,167	96,843	136,707
Contributions in relation to the contractually required contribution	85,167	96,843	(136,707)
Contribution deficiency (excess)	-	-	-
City's covered-employee payroll	450,564	512,397	723,317
Contributions as a percentage of covered-employee payroll	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, the City will present information for those years for which information is available.

See Independent Auditors' Report

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
NEW MEXICO RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN
Last 10 Fiscal Years*

	2023	2022	2021
Employer's proportion of the net OPEB liability	0.00541%	0.05697%	0.07325%
Employer's proportionate share of the net OPEB liability	$ 1,250,858	$ 1,874,512	$ 3,075,700
Employer covered employee payroll	$ 3,044,322	$ 2,628,735	$ 3,148,370
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	41.09%	71.31%	97.69%
Plan fiduciary net position as a percentage of the total OPEB liability	33.33%	25.39%	16.50%

	2020	2019	2018
Employer's proportion of the net OPEB liability	0.07818%	0.09324%	0.07783
Employer's proportionate share of the net OPEB liability	$ 2,534,900	$ 4,015,271	$ 3,527,001
Employer covered employee payroll	$ 3,262,396	$ 3,961,956	$ 3,242,123
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	77.70%	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	11.34%

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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS
NEW MEXICO RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN
Last 10 Fiscal Years*

	2023	2022	2021
Contractually required contribution	$ 62,995	$ 55,075	$ 59,881
Less: Contributions in relation to the contractually required contributions	62,995	55,075	59,881
	$ -	$ -	$ -
Employer's covered employee payroll	$ 3,044,322	$ 2,753,750	$ 2,833,106
Contributions as a percentage of covered employee payroll	2.07%	2.00%	2.11%

	2020	2019	2018
Contractually required contribution	$ 69,202	$ 144,297	$ 247,147
Less: Contributions in relation to the contractually required contributions	69,202	144,297	247,147
	$ -	$ -	$ -
Employer's covered employee payroll	$ 3,262,396	$ 3,961,956	$ 3,242,123
Contributions as a percentage of covered employee payroll	2.12%	3.64%	3.83%

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

Changes of benefit terms:
The Public Employees Retirement Association's (PERA) COLA and retirement benefits changes in recent years are described in *Note 1* of PERA's ACFR at: http://s3.amazonaws.com/boardaudio/cafr/NM%20PERA%20CAFR%202119%20Final.pdf.

The Retiree Health Care Authority (RHCA) COLA and age eligibility benefits changes in recent years are described in the Notes to the RHCA fiscal year 2021 audit available at http://saonm.org/ using the Audit Search function for agency 343.

***Assumptions**:*
The Public Employees Retirement Association (PERA) of New Mexico's Annual Actuarial Valuations as of June 2019 report is available at http://www.nmpera.org/.

The Retiree Health Care Authority (RHCA) of New Mexico Biennial Actuarial Valuation as of June 30, 2021 report is available at http://saonm.org/ using the Audit Search function for agency 343.

SUPPLEMENTAL INFORMATION

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the City with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Fire District (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 NMSA-32 1 1976.

Lodger's Tax Executive Fund (02040) – To account for monies received through a specific tax levy on area motel and hotels. Expenditures, including transfers to its promotion fund, are strictly subject to state requirements and are further subject to bond ordinance requirements. This fund is authorized by 3-18-15 NMSA 1978.

Lodger's Tax Promotional Fund (02041) – 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 3-18-15.

EMS Fund (02043) – 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 24-10A-1.

Corrections (02044) – 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 NMSA 1978.

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 7-13-2 NMSA 1978 and New Mexico State Highway Department Grants. 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 (02048) – 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. 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 29-13-29 through 29-13-29 Chapter 29 Laws of 1983.

Enhanced 911 Grant Fund (02049) – To account for funds used to operate and support the emergency 911 phone system. This is a three year program funded by the State of New Mexico. This program funds comprehensive history training, research, and preservation of the historic Route 66. Authored by the State of New Mexico Public Safety Act and 911 Commission.

Traffic Safety Education and Enforcement Fund (02051) – 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 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 Lodger's Tax Fund. This fund is authorized by NMSA 3-18.

John D. Hoffman Endowment Fund (15079) – To account for monies received from the John D. Hoffman to aid in research of materials of science and engineering. Authority for this fund was granted from the City Commission and budget approval. Periodic Notices 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 (19000) – 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," 31-20-31 to 31-27-8 NMSA 1978.

Dispatch Fund (02052) – 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

Map and Co-Op (03032) – To account for Municipal Airport 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. 14-12, and approved by commission by resolution and agreement. This is normally a bi-annual program depending on available funding.

CDBG Fund (03034) – 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.

CO-OP (03035) (formerly Lodger's Tax Acquisition Project) – To account for the expenditures of the proceeds of the Municipal Gross Receipts and Lodger's Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-18-1 and 3-31-4, NMSA 1978.

Convention Center (03036) – Required by the Lodger's Tax Improvement Bonds Ordinance. The City is required to transfer 5% of annual pledged Lodger's Tax Revenues to this fund until $200,000 is accumulated. This fund may only be used for improving or bettering the convention center facility. Authority for this fund was granted from the City Commission and budget approval.

Golf Course Fund (03037) – 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.

Mainstreet & Downtown Capital Improvements (03038) (Formerly NMRC Fund) – To account for funds used to develop a vibrant downtown area. Funding is primarily from 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 (14094) – 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 Department Facility Loan 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 $357,544. 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

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Fire District (02045)	Executive Lodgers' Tax (02040)	Promotion Lodgers' Tax (02041)	EMS (02043)	Corrections Fund (02044)	Recreation Fund (02046)
ASSETS						
Cash and Cash Equivalents	$ 514,760	$ 478,232	$ 593,239	$ 329,379	$ 14,437	$ 82,266
Restricted Cash	-	-	-	-	-	-
Investments	108,552	-	-	-	-	-
Receivables:						
Accounts Receivable	-	52,834	-	-	-	-
Gross Receipts Taxes	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	$ 623,312	$ 531,066	$ 593,239	$ 329,379	$ 14,437	$ 82,266
LIABILITIES						
Accounts Payable	6,711	-	7,839	111,919	542	35,313
Accrued Liabilities	-	-	-	110,551	-	12,991
Due to Other Funds	-	-	-	184	-	-
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	6,711	-	7,839	222,654	542	48,304
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	6,711	-	7,839	222,654	542	48,304
FUND BALANCES						
Restricted for:						
Special Revenue	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Subsequent Year's Expenditures	-	-	-	-	-	-
Unassigned	616,601	531,066	585,400	106,725	13,895	33,962
TOTAL FUND BALANCES	616,601	531,066	585,400	106,725	13,895	33,962
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 623,312	$ 531,066	$ 593,239	$ 329,379	$ 14,437	$ 82,266

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – (CONTINUED)
AS OF JUNE 30, 2023

	Gas Tax (02047)	Law Enforcement (02048)	Enhanced 911 (02049)	Traffic Safety (02051)	Convention Center (02053)	Hoffman Fund (18079)
ASSETS						
Cash and Cash Equivalents	$ 230,812	$ 367,177	$ 2,280	$ 1,201	$ 57,683	$ 1,034
Restricted Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables:						
Accounts Receivable	-	-	-	-	-	-
Gross Receipts Taxes	-	-	-	-	-	-
Grants Receivable						
Property Taxes	-	-	-	-	-	-
Other						
Due From Other Funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	$ 230,812	$ 367,177	$ 2,280	$ 1,201	$ 57,683	$ 1,034
LIABILITIES						
Accounts Payable	13,146	-	-	-	18,340	-
Accrued Liabilities	8,087	-	-	-	5,020	-
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	21,233	-	-	-	23,360	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,233	-	-	-	23,360	-
FUND BALANCES						
Restricted for:						
Special Revenue	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Subsequent Year's Expenditures	-	-	-	-	-	-
Unassigned	209,579	367,177	2,280	1,201	34,323	1,034
TOTAL FUND BALANCES	209,579	367,177	2,280	1,201	34,323	1,034
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 230,812	$ 367,177	$ 2,280	$ 1,201	$ 57,683	$ 1,034

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – (CONTINUED)
AS OF JUNE 30, 2023

	Police Narcotic (19000)	Dispatch (02052)	Map and Co-op (03032)	CDBG Fund (03034)	Co-op (03035)	Convention Ctr. ('03036)
ASSETS						
Cash and Cash Equivalents	$ 40,556	$ -	$ -	$ 81,468	$ -	$ 15,154
Restricted Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables:						
Accounts Receivable	-	1,656	-	-	-	-
Gross Receipts Taxes	-	-	-	-	-	-
Grants Receivable						
Property Taxes	-	-	-	-	-	-
Other						15,749
Due From Other Funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	$ 40,556	$ 1,656	$ -	$ 81,468	$ -	$ 30,903
LIABILITIES						
Accounts Payable	-	182	-	-	-	
Accrued Liabilities	-	-	-	-	11,091	-
Due to Other Funds	-	-	1,721	-	42,472	-
Unearned Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	-	182	1,721	-	53,563	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	182	1,721	-	53,563	-
FUND BALANCES						
Restricted for:						
Special Revenue	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Subsequent Year's Expenditures	-	-	-	-	-	-
Unassigned	40,556	1,474	(1,721)	81,468	(53,563)	30,903
TOTAL FUND BALANCES	40,556	1,474	(1,721)	81,468	(53,563)	30,903
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 40,556	$ 1,656	$ -	$ 81,468	$ -	$ 30,903

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – (CONTINUED)
AS OF JUNE 30, 2023

	Golf Cap. Impr. (03037)	Main St. Cap. Impr. (03038)	Debt Service Lodgers' Tax Bonds (14094)	Debt Service PD Facility Loan (14095)	Total Nonmajor Funds
ASSETS					
Cash and Cash Equivalents	$ 91,630	$ 96,813	$ 181,491	$ 55,338	$ 3,234,950
Restricted Cash	-	-	-	-	-
Investments	-	-	-	-	108,552
Receivables:					-
Accounts Receivable	8,050	-	-	-	62,540
Gross Receipts Taxes	-	-	-	-	-
Grants Receivable	-	-	-	-	-
Property Taxes	-	-	-	-	-
Other	-	-	-	-	15,749
Due From Other Funds	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Inventory	-	-	-	-	-
TOTAL ASSETS	$ 99,680	$ 96,813	$ 181,491	$ 55,338	$ 3,421,791
LIABILITIES					
Accounts Payable	-	-	-	-	193,992
Accrued Liabilities	106,536	-	-	-	254,276
Due to Other Funds	-	-	-	-	44,377
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	106,536	-	-	-	492,645
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	106,536	-	-	-	492,645
FUND BALANCES					
Restricted for:					
Special Revenue	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned	(6,856)	96,813	181,491	55,338	2,929,146
TOTAL FUND BALANCES	(6,856)	96,813	181,491	55,338	2,929,146
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 99,680	$ 96,813	$ 181,491	$ 55,338	$ 3,421,791

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, 2023

REVENUES	Fire (02045)	Executive Lodgers' Tax (02040)	Promotion Lodgers' Tax (02041)	EMS (02043)	Corrections Fund (02044)	Recreation Fund (02046)
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -
Gross Receipts Tax	-	-	-	-	-	-
Gas and Motor Tax	-	-	-	-	-	-
Franchise Tax	-	-	-	-	-	-
Lodgers' Tax	-	838,828	-	-	-	-
Federal Operating Grants	-	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-	-
State Operating Grants	302,439	-	-	-	-	-
State Capital Grants	-	-	-	-	-	-
Charges for Services	-	-	-	758,297	4,589	-
Licenses and Fees	-	-	-	-	-	10,720
Lease Revenue	-	-	-	-	-	-
Investment Income	171	8,155	-	42	-	-
Miscellaneous	13,566	13,440	-	(317,627)	-	15,250
TOTAL REVENUES	316,176	860,423	-	440,712	4,589	25,970
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	211,593	577,120	120,473	1,263,653	-	255,756
Public Works	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Lease Interest Expense	-	-	-	-	-	-
TOTAL EXPENDITURES	211,593	577,120	120,473	1,263,653	-	255,756
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	104,583	283,303	(120,473)	(822,941)	4,589	(229,786)
OTHER FINANCING SOURCES (USES):						
Proceeds From Issuance of Debt	-	-	-	-	-	-
Proceeds From Sales of Assets	-	-	-	-	-	-
Transfers In	-	-	419,414	604,789	-	207,732
Transfers Out	-	(450,317)	(130,248)	-	-	(15,571)
TOTAL OTHER FINANCING SOURCES (USES)	-	(450,317)	289,166	604,789	-	192,161
NET CHANGE IN FUND BALANCES	104,583	(167,014)	168,693	(218,152)	4,589	(37,625)
FUND BALANCE, BEGINNING	512,018	698,080	416,707	324,877	9,306	71,587
RESTATEMENT *(NOTE 20)*	-	-	-	-	-	-
FUND BALANCE, AS RESTATED	512,018	698,080	416,707	324,877	9,306	71,587
FUND BALANCE, END OF YEAR	$ 616,601	$ 531,066	$ 585,400	$ 106,725	$ 13,895	$ 33,962

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

REVENUES	Gas Tax (02047)	Law Enforcement (02048)	Enhanced 911 (02049)	Traffic Safety (02051)	Convention Center (02053)	Hoffman Fund (18079)
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -
Gross Receipts Tax	-	-	-	-	-	-
Gas and Motor Tax	169,453	-	-	-	-	-
Franchise Tax	-	-	-	-	-	-
Lodgers' Tax	-	-	-	-	-	-
Federal Operating Grants	-	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-	-
State Operating Grants	-	55,000	-	-	-	-
State Capital Grants	-	-	-	-	-	-
Charges for Services	-	-	-	6	-	-
Licenses and Fees	-	-	-	-	15,197	-
Lease Revenue	-	-	-	-	14,740	
Investment Income	-	-	-	-	-	(1)
Miscellaneous	-	450,000	-	-	2,335	-
TOTAL REVENUES	169,453	505,000	-	6	32,272	(1)
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	234,398	141,791	-	-	177,966	-
Public Works	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Lease Interest Expense	-	-	-	-	-	-
TOTAL EXPENDITURES	234,398	141,791	-	-	177,966	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(64,945)	363,209	-	6	(145,694)	(1)
OTHER FINANCING SOURCES (USES):						
Proceeds From Issuance of Debt						
Proceeds From Sales of Assets						
Transfers In	106,238	-	-	-	130,248	-
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	106,238	-	-	-	130,248	-
NET CHANGE IN FUND BALANCES	41,293	363,209	-	6	(15,446)	(1)
FUND BALANCE, BEGINNING	168,286	3,968	2,280	1,195	49,769	1,035
RESTATEMENT *(NOTE 20)*	-	-	-	-	-	-
FUND BALANCE, AS RESTATED	168,286	3,968	2,280	1,195	49,769	1,035
FUND BALANCE, END OF YEAR	$ 209,579	$ 367,177	$ 2,280	$ 1,201	$ 34,323	$ 1,034

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

REVENUES	Police Narcotic (19000)	Dispatch (02052)	Map and Co-op (03032)	CDBG Fund (03034)	Co-op (03035)	Convention Capital Pro. (03036)
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -
Gross Receipts Tax	-	-	-	-	-	-
Gas and Motor Tax	-	-	-	-	-	-
Franchise Tax	-	-	-	-	-	-
Lodgers' Tax	-	-	-	-	-	-
Federal Operating Grants	-	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-	-
State Operating Grants	-	13,000	-	-	-	-
State Capital Grants	-	-	-	-	25,000	-
Charges for Services	-	-	-	-	-	-
Licenses and Fees	-	-	-	-	-	-
Lease Revenue	-	-	-	-	-	-
Investment Income	3	-	-	-	-	-
Miscellaneous	2,078	-	-	-	-	-
TOTAL REVENUES	2,081	13,000	-	-	25,000	-
EXPENDITURES						
Current						
General Government	-	-	-	-	-	-
Public Safety	1,409	34,254	-	-	-	-
Public Works	-	-	190,542	-	90,224	-
Health and Welfare	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Lease Interest Expense	-	-	-	-	-	-
TOTAL EXPENDITURES	1,409	34,254	190,542	-	90,224	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	672	(21,254)	(190,542)	-	(65,224)	-
OTHER FINANCING SOURCES (USES):						
Proceeds From Issuance of Debt	-	-	-	-	-	-
Proceeds From Sales of Assets	-	-	-	-	-	-
Transfers In	-	21,072	190,541	-	65,224	30,903
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	21,072	190,541	-	65,224	30,903
NET CHANGE IN FUND BALANCES	672	(182)	(1)	-	-	30,903
FUND BALANCE, BEGINNING	39,884	1,656	(1,720)	81,468	(53,563)	-
RESTATEMENT *(NOTE 20)*	-	-	-	-	-	-
FUND BALANCE, AS RESTATED	39,884	1,656	(1,720)	81,468	(53,563)	-
FUND BALANCE, END OF YEAR	$ 40,556	$ 1,474	$ (1,721)	$ 81,468	$ (53,563)	$ 30,903

STATE OF NEW MEXICO
CITY OF TUCUMCARI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023

REVENUES	Golf Cap. Impr. (03037)	Main St. Cap. Impr. (03038)	Debt Service Lodgers' Tax Bonds (14094)	Debt Service PD Facility Loan (14095)	Total Nonmajor Funds
Property Tax	$ -	$ -	$ -	$ -	$ -
Gross Receipts Tax	-	-	-	-	-
Gas and Motor Tax	-	-	-	-	169,453
Franchise Tax	-	-	-	-	-
Lodgers' Tax	-	-	-	-	838,828
Federal Operating Grants	-	-	-	-	-
Federal Capital Grants	-	-	-	-	-
State Operating Grants	-	-	-	-	370,439
State Capital Grants	-	160,919	-	-	185,919
Charges for Services	-	-	-	-	762,892
Licenses and Fees	15,400	-	-	-	41,317
Lease Revenue	-			-	14,740
Investment Income	-	-	-	-	8,370
Miscellaneous	-	-	-	-	179,042
TOTAL REVENUES	15,400	160,919	-	-	2,571,000
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	3,018,413
Public Works	11,355	160,919	-	43,608	496,648
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Lease Interest Expense	-	-	-	-	-
TOTAL EXPENDITURES	11,355	160,919	-	43,608	3,515,061
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,045	-	-	(43,608)	(944,061)
OTHER FINANCING SOURCES (USES):					
Proceeds From Issuance of Debt	-	-	-	-	-
Proceeds From Sales of Assets	-	-	-	-	-
Transfers In	-	-	-	43,608	1,819,769
Transfers Out	-	-	-	-	(596,136)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	43,608	1,223,633
NET CHANGE IN FUND BALANCES	4,045	-	-	-	279,572
FUND BALANCE, BEGINNING	(10,901)	96,813	181,491	55,338	2,649,574
RESTATEMENT *(NOTE 20)*	-	-	-	-	-
FUND BALANCE, AS RESTATED	(10,901)	96,813	181,491	55,338	2,649,574
FUND BALANCE, END OF YEAR	$ (6,856)	$ 96,813	$ 181,491	$ 55,338	$ 2,929,146

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2023

Bank Account Type / Name	Wells Fargo	NM B&T	Total
Checking *	$ 243,675	$ 17,768,611	$ 18,012,286
Savings*	-	-	-
Certificate of Deposit*	880,825	-	880,825
TOTAL PER BANK	1,124,500	17,768,611	18,893,111
Unreconciled difference	-	-	16,194,406
RECONCILED BALANCE	$ 1,124,500	$ 17,768,611	35,087,517
Petty Cash			-
State Treasurer's Office - LGIP			-
Bank of Albuquerque			-
NMFA Cash			-
Total Cash and Investments at June 30, 2023			**$ 35,087,517**
Cash and Cash Equivalents, Statement of Net Position			$ 34,206,692
Investments			880,825
Total Cash and Investments at June 30, 2023			**$ 35,087,517**

**Interest bearing account*

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2023

Name of Depository	Description	CUSIP	Fair Market Value at 6/30/2023	Maturity Date	Name / Location of Safekeeper
Century Bank	NEW MEXICO FIN AUTH	64711N4U6		9/1/2036	FHLB - FHLB - Dallas
Century Bank	ALBUQUERQUE N MEX MU	013595VX8		9/1/2045	FHLB - FHLB - Dallas
Century Bank	FORT LEWIS COLLEGE B	347753DN2		9/1/2035	FHLB - FHLB - Dallas
Century Bank	ORLANDO FLA UTILS CO	686507JE5		10/1/2035	FHLB - FHLB - Dallas
Century Bank	OSCEOLA CNTY FLA SAL	687909EL 1		10/1/2035	FHLB - FHLB - Dallas
Century Bank	PEACE RIVER/MANASOTA	704612ED8		8/1/2038	FHLB - FHLB - Dallas
Century Bank	SANTA FEN MEX CMNTY	801901KE8		8/1/2038	FHLB - FHLB - Dallas
		Total	$ -		

COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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*

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
City Commission
Tucumcari, New Mexico

We were engaged to audit, 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, and the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the City of Tucumcari, New Mexico (the City), as of and for the year ended June 30, 2023, 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 25, 2026. Our report disclaims an opinion on such financial statements because we were unable to perform all necessary tests and receive all necessary information to form an opinion on the financial statements.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 we consider to be a material weakness.

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 *2023-001 and 2023-002* 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and questioned costs as items *2023-003* through *2023-008 and 2023-011.*

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City's responses was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TKM, LLC

TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
June 25, 2026

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TKM Auditors Advisors CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Joseph M. Maestas, P.E., CFE
New Mexico State Auditor
and
City Commission
Tucumcari, New Mexico

Report on Compliance for Each Major Federal Program

We were engaged to audit the compliance of the City of Tucumcari's (the City) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Tucumcari's major federal programs for the year ended June 30, 2023.

Major Federal Program	Type of Opinion
All Federal Programs (Major Programs Undetermined)	Disclaimer

Disclaimer of Opinion on Compliance for Each Major Federal Program

We do not express an opinion on the compliance of the City with the types of compliance requirements described in the OMB compliance supplement that could have a direct and material effect on each of its major federal programs. Because of the significance of the matters described in Basis for Disclaimer of Opiion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on 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.

Basis for disclaimer of opinion

Due to the matters described in the auditors' report dated June 25, 2026, we were unable to make a determination of major programs that would enable us to test compliance over major programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Tucumcari's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our responsibility is to conduct an 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 the Uniform Guidance and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for opinion on compliance for any major federal program.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-009 and 2023-010 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

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.

TKM, LLC

TKM, LLC
Auditors | Advisors | CPAs

Albuquerque, New Mexico
June 25, 2026

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I. SUMMARY OF AUDIT RESULTS

Financial Statements:

1. Type of Auditors' Report Issued:	Disclaimer
2. Internal Control Over Financial Reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes
c. Noncompliance material to financial statements noted?	No

Federal Awards:

1. Type of Auditors' Report Issued on Compliance for Major Programs	Disclaimer
2. Internal Control over Major Federal Programs	
a. Material Weaknesses Identified?	Yes
b. Significant deficiencies identified not considered to be material Weaknesses?	No
3. Any findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516(a)?	Yes
4. Identification of major programs:	See disclaimer of Opinion
5. Dollar threshold used to distinguish between type A and type B Programs:	$750,000
6. Auditee Qualify as low-risk auditee?	No

SECTION II. FINANCIAL STATEMENT FINDINGS

2023-001 Inadequate Internal Controls and Records **– Material Weakness**

Condition: Management did not provide adequate oversight over the accounting and finance activity during the year which resulted in an overall failure of internal controls over financial reporting, to include a lack of complete and/or reliable accounting records to support activity reported in the general ledger as well as lack of proper segregation of duties. Auditor was unable to perform audit procedures over material balances and audit areas such as cash, receivables, debt, accrued compensated absences, revenues and expenses.

Criteria:. COSO standards require that agencies develop a system of internal controls over financial reporting to allow for accurate and complete recording of accounting and financial transactions into the general ledger. In addition, a properly designed accounting system includes segregation of duties over key accounting functions, which was absent.

Cause: Failure of Management to implement proper segregation of duties protocol as well as internal control protocols in conformance with COSO, NM State statutes, and other best practices.

Effect: The Auditor was not able to perform audit procedures due to lack of appropriate sufficient audit evidence, i.e. supporting documentation and/or explanatory evidence, etc.

Auditors' Recommendation: We recommend that Management consider restructuring the hierarchy of the accounting department as well as the internal monitoring and reporting functions of the accounting department for better transparency and integrity.

Management's Response: Frequent turnover in administration along with finance department has led to employees forced to assume the tasks and responsibilities of the other positions in that department for the daily work to be completed. The lack of finding qualified staff for these positions led to no segregation of duties and the city's accounting software not being utilized to the capacity that it was built for. As time progressed, issues, complications and segregation of duties were not being implemented. Shared profiles, emails, and usernames were being utilized thus adding to the complexity of issues that the finance department was already plagued with. Management has already implemented segregation of duties for the finance team. We are also working to get new emails for the staff using the same profiles as prior finance staff. The city had contracted with a local IT firm to work on the city's IT issues, including new emails, however, this task was not completed after several requests.

Management's Timeline to Complete: December 31, 2026

Responsible Party: Finance, City Manager and Commission.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2023-002 (2018-003) IT General Controls - Material Weakness

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.
(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 administrator 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 no minimum password length, age or complexity requirement.

Management's Progress: The City did not make progress for the year ended June 30, 2023.

Criteria: IT, including systems and infrastructure are essential and integral part to the efficiency of the CIty'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 CIty'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.

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

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.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2023-002 (2018-003) IT General Controls - Material Weakness (Repeated) (Continued)

Auditors 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.

(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 is at great risk for outside hackers, spam and malware. In 2023 the city did not have sufficient staff nor was there designated IT personnel. Instead the city relied on the services of Plateau Communications for its IT needs. There was no internal control on who could call Plateau to request assistance on issues and instead the city allowed all personnel to contact IT. There were no "tickets" or any records being kept of issues that were had. The City has contracted with Ardham Technologies; Ardham will have oversight of the City's IT system.

***Responsible Party*:** City Manager

Management's Timeline to Correct: As of the date of this report, this matter has been resolved.

SECTION III. FEDERAL AWARD FINDINGS

2023-009 (2018-004) – Late Submission of Audit to Clearinghouse (Material Weakness)

Federal Program Information:

Program Title: All
Award Number: All
Assistance Listing Number: All

Condition: The City's audit was not submitted to the Federal Clearinghouse by the required Submission deadline.

Management Progress: No progress was made on this finding during 2023.

Questioned Costs: None

Criteria: Section 200.512 CFR Subpart F (Uniform Guidance) states that "the audit must be completed and the data collection form….and reporting package….must be submitted within the earlier of 30 calendar days after receipt of the auditors' report, or nine months after the end of the audit period.

Cause: Management and key staff turnover.

Effect: The City was noncompliant with this requirement.

Auditors' Recommendation: TKM recommends that the City hire or contract a high level finance director with adequate experience and credentials to help the City get back into compliance and to get the books and records caught up to be audit ready.

Management's Response: Frequent turnover in key positions within the city lead to the late submission of the audit to the clearinghouse. Management is actively working on an RFP for CPA to assume the finance director role; seeking training from Tyler; and writing SOPs on each position on the task they perform to be used by future staff.

Responsible Party: City Manager

Management's Timeline to Correct: December 31, 2026

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III. FEDERAL AWARD FINDINGS

2023-010 – Failure to Provide SEFA and related materials (Material Weakness)

Federal Program Information:

Program Title: All
Award Number: All
Assistance Listing Number: All

Condition**:** The City was unable to provide a Schedule of Expenditures of Federal Awards (SEFA) or the information required to determine major programs.

Questioned Costs: None

Criteria**:** City management is responsible for tracking federal programs in the format of a Schedule of Expenditures of Federal awards, to enable auditors to audit the Schedule.

Cause**:** Management and key staff turnover.

Effect**:** A disclaimer of opinion on compliance and internal controls over compliance was issued.

Auditors' Recommendation: TKM recommends that the City hire or contract a high level finance director with adequate experience and credentials to help the City get back into compliance and to get the books and records caught up to be audit ready.

Management's Response**:** Frequent turnover in key positions within the city lead to the late submission of the audit to the clearinghouse. Management is actively working on an RFP for CPA to assume the finance director role; seeking training from Tyler; and writing SOPs on each position on the task they perform to be used by future staff.

Responsible Party**:** City Manager

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS

2023-003 (2022-005) – Travel and Per Diem (Other Noncompliance) (Repeated and Modified)

***Condition*:** Three of 5 items selected for compliance testing were deemed to be non-compliant with *Title 2, Chapter 42, Part 2 NMAC* - Travel and Per Diem requirements.

Management Progress: No progress was made since the prior year.

***Criteria*:** Pursuant to *Title 2, Chapter 42, Part 2 NMAC* - Travel and Per Diem requirements, reimbursements to employees for personal vehicle usage are to be made at the prescribed rates.

***Effect*:** Employees were under-reimbursed by a total amount of $398.97.

***Cause*:** Staff processing the reimbursements used the gas receipts as the basis for reimbursement instead of applying the rate to the miles driven, resulting in the underpayment.

Auditors' Recommendation: TKM recommends that staff processing reimbursement requests are appropriately trained to be knowledgeable of the current rates and reimbursement protocol.

***Management's Response*:** The City uses a Per Diem Request form that is to be signed and completed by the traveler and signed off by supervisor, city manager, and city clerk applies her signature as the final signature as the final signature giving authorization for the travel. The City Clerk then determines the amount of per diem and would issue request to print two checks; one for 80% and the other for 20% that she would give the employee when they returned. For mileage, she would apply the same concept "actuals" for reimbursing the employee for their fuel receipts they provided during their travel. She did not know that mileage was to be paid based off the state requirements. Mileage and Per Diem process was discussed and reviewed with the City Clerk in the fall of 2025. Department heads were also informed of this change and it has since been implemented.

***Responsible Party*:** City Clerk, CPO

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-004 – Procurement (Other Noncompliance)

Condition: Three of 3 items selected for compliance testing were deemed to be non-compliant with *Procurement Code Sections 13-1-1 to 13-1-199 NMSA 1978 – NM Procurement Code*.

Criteria: Pursuant to *Procurement Code Sections 13-1-1 to 13-1-199 NMSA 1978*, agencies are required to solicit requests via written request for purchases between $20,000 and $60,000.

Effect: Management was not able to provide documentation to demonstrate that solicitation procedures were followed for the transactions selected in the amount of $84,814.09.

Cause: Staff did not maintain adequate records to demonstrate compliance with the procurement rules.

Auditors' Recommendation: TKM recommends that staff become familiarized with the requirements surrounding state purchasing and procurement statutes as referenced above.

Management's Response: Failure to have a purchasing policy in place and insuring that it is being adhered to by all department supervisors as well as Finance Department and CPO. Commission not questioning the check register during their bimonthly meetings. A purchasing policy was put in place in fall of 2025. During this implementation, administration received pushback from department heads for several months as they were displeased with the process of utilizing P.O.s.

Responsible Party: Finance Department, CPO, City Manager and Commission.

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-005 – Fuel Cards (Other Noncompliance)

***Condition*:** Two out of 10 items selected for compliance testing were deemed to be non-compliant with *NMAC 1.5.3.19 – Use of Fuel Cards*.

***Criteria*:** Pursuant to *NMAC 1.5.3.19 – Use of Fuel Cards*, agencies are required to monitor use of and maintain records of fuel card activity.

***Effect*:** Management was not able to provide evidence that fuel card activity was properly documented for the transactions selected in the amount of $156.96.

***Cause*:** Management did not adhere to obtaining proper documentation related to use of fuel cards.

Auditors' Recommendation: TKM recommends that management implement tighter record keeping protocols surrounding fuel cards.

***Management's Response*:** The City has now implemented a new program in the fall of 2025 to help with oversight of the fuel cards. In the fall of 2025, the city changed their fuel cards to WEX and is part of the Enterprise Fleet Management. This partnership allows the city to closely monitor the usage of fuel. A notice is sent to key personnel if too much gas is being used, if the mileage is matching what fuel should have been used for the mileage entered into the pumps. Risk Management orders the fuel cards as needed and assigns them to each vehicle. Hard copy tickets are required on every purchase. If ticket is lost then the employee is required to use a lost receipt form. An employee will have up to 3 times in 1 year before their rights to utilize WEX fuel cards will be terminated

***Responsible Party*:** City Manager

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-006 – OSA Compliance (Other Noncompliance)

Condition: The remaining compliance requirements that were applicable to the City pursuant to New Mexico State Audit Rule Section 12-6-5 NMSA 1978 were not able to be tested, which are:

- Public Finances and Public money, 6-10-1 to 6-10-63 NMSA 1978;
- Investment of Public Money, 6-8-1 to 6-8-25 NMSA 1978;
- Public Employees Retirement Act, 10-11-1 to 10-11-142 NMSA 1978;
- Sale of Public Property, 13-6-1 to 13-6-8 NMSA 1978;
- Anti-Donation Clause, Article IX, Section 14, NM Constitution;
- Special, deficiency, and supplemental appropriations;
- Local Government budget compliance, 6-6-1 to 6-6-20 NMSA 1978;
- Requirements for contracting and conducting audits of agencies, 2.2.2 NMAC;
- Accounting and control of fixed assets of state government, 2.20.1.1 to 2.20.1.18 NMAC
- Article IX of the state constitution limits of indebtedness
- Retiree Health Care Act, 10-7C-1 to 10-7C-19 NMSA 1978;
- Governmental Conduct Act, 10-16-1 to 10-16-18 NMSA 1978;

Criteria: Local Public bodies are required to maintain compliance with the aforementioned statutes that are deemed to be applicable to them.

Effect: TKM was unable to obtain sufficient appropriate audit evidence to make a compliance determination for the remaining compliance requirements pursuant to New Mexico State Audit Rule Section 12-6-5 NMSA 1978.

Cause: Management was unable to provide requested documentation for the remaining compliance areas.

Auditors' Recommendation: TKM recommends that the City become more familiar with the statutes and compliance requirements specific to them and ensure there are adequately trained personnel to implement and enforce the requirements.

Management's Response: Frequent turnover in key positions within the city. Management is actively working on an RFP for CPA to assume the finance director role; seeking training from Tyler; and writing SOPs on each position on the task they perform to be used by future staff.

Responsible Party: City Manager and City Commission

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-007 – Late Audit (Other Noncompliance)

***Condition*:** The City's audit was not filed by the statutory deadline.

***Criteria*:** Pursuant to 2.2.2.9 NMAC, Section A(1) (g), reports for municipalities are due on December 15 of the respective fiscal year.

***Effect*:** The City was not compliant with this requirement.

***Cause*:** Management and key staff turnover.

Auditors' Recommendation: TKM recommends that the City hire or contract a high level finance director with adequate experience and credentials to help the City get back into compliance and to get the books and records caught up to be audit ready.

***Management's Response*:** Due to the frequent turnover in the finance department, it has proven difficult to have staff who have knowledge of the status of the city's finances including budgets which lead to the city to be late with audits. The city is working with the SAO in getting the FY24 and FY25 audits completed.

***Responsible Party*:** City Manager and City Commission

Management's Timeline to Correct: To be determined as catch up audits are currently underway.

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-008 – Pledged Collateral on Deposits (Other Noncompliance)

***Condition*:** The City was unable to provide evidence that their deposits in financial institutions were properly collateralized.

***Criteria*:** Pursuant to Sections 6-10-1 to 6-10-63 NMSA 1978,"…..the agency receive a joint safe keeping receipt for pledged collateral".

***Effect*:** The City was not compliant with this requirement.

***Cause*:** Management and key staff turnover.

Auditors' Recommendation: TKM recommends that the City hire or contract a high level finance director with adequate experience and credentials to help the City get back into compliance and to get the books and records caught up to be audit ready.

***Management's Response*:** In the spring of 2025, the City Manager asked the Commission to request an RFP for financial assistance. The City only received one response to the RFP, to which the Commission declined due to the amount of the RFP. A new RFP was done in May 2026, with the opening of proposals in June 2026.

***Responsible Party*:** City Manager and Commission.

Management's Timeline to Correct: December 31, 2026

SECTION IV. SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)

2023-011 – Expenditures in Excess of Budget (Other Noncompliance)

Condition**:** The City's actual expenditures were in excess of the originally budgeted amounts in all categories at the legal level of budgetary control.

Criteria**:** Pursuant to 2.2.2.10(R)(1) NMAC, in all instances where actual expenditures exceed Budgeted amounts, a finding is required.

Effect**:** The City was not compliant with budgetary requirements.

Cause**:** Management and key staff turnover.

Auditors' Recommendation: TKM recommends that the City hire or contract a high level finance director with adequate experience and credentials to help the City get back into compliance and to assist in monitoring budgets.

Management's Response**:** Commission has approved a contract CPA as of the date of this report to address this and all other issues.

Responsible Party**:** Commission and City Manager

Management's Timeline to Correct: December 31, 2026

SECTION V. STATUS OF PRIOR YEAR AUDIT FINDINGS

2022-001 (2018-003)	**IT General Controls**	**Significant Deficiency (Repeated)**
2022-003 (2020-001)	**Internal Controls over EMS A/R**	**Significant Deficiency (Undetermined)**
2022-004 (2021-005)	**Retirement Health Care**	**Other Non-Compliance (Indetermined)**
2022-005	**Internal Controls over Travel / Per Diem**	**Other Non-Compliance (Repeated and Modified)**
2022-002 (2018-004)	**Late Submission of Data Collection Form**	**Other Non-Compliance (Repeated)**

215 East Center Street
PO Box 1188
Tucumcari, NM 88401
575.461.3451

STATE OF NEW MEXICO
CITY OF TUCUMCARI
CORRECTIVE ACTION PLAN
JUNE 30, 2023

Audit Finding	Corrective Action Plan	Responsible Party	Estimated Completion Date
2023-009 – Late Submission of Audit to Clearinghouse (Material Weakness)	Management is actively working on an RFP for a CPA to assume the finance director role; seeking training from Tyler; and writing SOPs on each position on the task they perform to be used by future staff.	City Manager	Currently being implemented
2023-010 – Failure to provide SEFA and related materials (Material Weakness)	Management is actively working on an RFP for a CPA to assume the finance director role; seeking training from Tyler; and writing SOPs on each position on the task they perform to be used by future staff.	City Manager	Currently being implemented

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STATE OF NEW MEXICO
CITY OF TUCUMCARI
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2023

An exit conference was held on June 25, 2026, to discuss the results of the audit. Attending were the following:

Representing the City of Tucumcari:

Renee Hayoz, City Manager
Marcy Willis, City Mayor
CJ Oglesby, Commissioner District 3

Representing the Office of the State Auditor:

Donna Trujillo, Deputy State Auditor
David Smith, Office of the State Auditor

Representing the Independent Auditors, TKM, LLC:

Joe Ortiz, CPA – Audit Partner
Mark Santiago, CPA – Audit Manager

Note: The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the City's Management. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles. Management has reviewed and approved the financial statements.