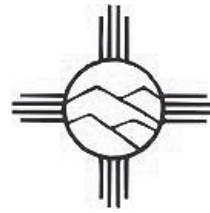


Tierra Grande Tales 'n' Trails

September 2008



**Tierra
Grande
Improvement
Association**

P.O. Box 1388 • Belen New Mexico 87002 • 505 864-2345

TGIA Annual Meeting Covers Variety of Topics

Many topics concerning residents and property owners were covered at the Tierra Grande annual meeting held July 19 at the Tierra del Sol Country Club in Rio Communities.

TGIA Board President Mike Sumner opened the meeting by introducing board members George Koch, Judi Magnussen, Carol Gasperetti and Tim Lardner. Also introduced were attorney Steven Chavez, accountant George Hobbes, Administrator Sue Moran, Assistant Administrator Janie Earthman and Newsletter Editor Sandy Schauer.

Financial Report

Executive Vice President and Treasurer Carol Gasperetti presented the TGIA financial statement. She explained that 2006 was an extraordinary year because of the association's involvement with the Burlington Northern Santa Fe (BNSF) Railroad.

Due to the acquisition of clear title to the wilderness area the association's assets total more than one million dollars.



TGIA Board President Mike Sumner led the meeting

The mobile home for the caretaker of the fire station has been disposed of, pointed out Gasperetti.

TGIA has reduced legal expenses since transactions with the BNSF Railroad have been concluded.

Due to changes in legal representation for the association, no foreclosure sales have been held. The TGIA Board hopes to find a lawyer to work with

the administrator and board on the foreclosures.

The treasurer's report reflected a decrease in the amount of uncollected assessments.

Gasperetti pointed out that the association is in good financial condition with a sound budget in place for 2008.

Burriss Substation Helps TG Power

Richard Lopez of the Socorro Electric Cooperative spoke about the history of the cooperative and the construction of the Burriss Substation being built by the cooperative. Read about the history and substation starting on page 3.

Big Horn Sheep in Manzanos

Mark Olson of the New Mexico Game and Fish Department talked about the big horn sheep in the Manzano Mountains and the Habitat Improvement Project. See story page 5.

Seven Year Plan

Following these presentations Sumner discussed the seven year plan. He explained that the board has spent considerable time and money investigating whether TGIA can continue past 2013.

At this point it does appear that there will be a way to extend the life of TGIA.

Sumner urged those attending the meeting to discuss any of their concerns with board members or staff after the meeting concluded.

The TGIA board is very concerned with the development of the wilderness area which is why the board initiated a survey to see what constituents wanted to do with wilderness area. See current survey results page 6.

TGIA has received the title policy that grants full title to the wilderness area. The policy includes Black Butte and Abo Canyon.

Continued on page 7

JULY 2008 TGIA TREASURER'S REPORT

Total Assessed Members	2,580
Total Assessed Lots	3,508
Total Unassessed Lots*	1,954*

* Developer New Mexico Land Company, LLC (1948) and TGIA (6)

Units 6, 8 & 25 are excluded from this report. Owned by Harvey Yates, Unassessed, Commercial Property

CURRENT ASSETS AS OF JUNE 30, 2008

MyBank Checking	\$ 8,926
NM Bank & Trust Money Market	\$ 2,750
NM Bank & Trust MM - Wilderness Development	\$ 2,750
CD - 1st Community Bank	\$ 50,000
CD - NM Bank & Trust	\$ 47,346
CD - NM Bank & Trust	<u>\$ 31,511</u>

COLLECTED ASSESSMENTS (6/30/08)	\$130,130
TOTAL UNPAID ASSESSMENTS (6/30/08)	\$ 70,491

TGIA PROPERTY & EQUIPMENT 1991-6/30/2008

Road Improvements	\$ 335,249
Office Equipment	\$ 30,619
Fire Station	\$ 92,984
Wilderness Land	\$ 281,893
Land Saleable	\$ 16,797
Leasehold Improvements	\$ 1,530
Telephone Lines	\$ 54,673
Fencing	\$ 39,220
Signs/archways	\$ 25,708
Power lines	\$ 334,984
Brochure	\$ 5,478
Video 1999 & CD/DVD 2007	\$ 15,375

2007 ASSESSMENTS BILLED	\$129,615
2007 INTEREST ACCRUED ON DELINQUENT ASSESSMENTS	\$ 4,808
2007 INTEREST INCOME (ACTUAL)	\$ 5,196
2007 OPERATING BUDGET (ACTUAL)	\$119,929

Socorro Electric Cooperative Is Up-To-Date Providing Power

The Socorro Electric Cooperative (SEC) is the first cooperative west of the Mississippi to start a data project on automated meter reading, said Richard Lopez at the TGIA July 2008 annual meeting.

Lopez, the SEC engineering operations manager, has worked with the co-op for 25 years.

New sophisticated technology has resulted in meters sending a signal back to the substation so that a meter could be read every day, he explained.

Over the years the co-op has worked on being sure meters are read accurately and in a timely fashion.

Lopez gave a Power Point presentation with the help of Sophie Chavez who has also been the co-op for more than 25 years. He talked about the background of electrical cooperatives, the Socorro cooperative and the Burris Substation Project.

Background on Socorro Electric Co-op

The Socorro co-op is a member owned utility serving more than 12,000 consumers in Socorro, Catron, Valencia, Sierra and Cibola counties. This is largely in central New Mexico.

Socorro Electric Cooperative covers about 11,000 square miles of New Mexico with 38 employees. Twelve linemen keep the power on twenty-four hours a day, seven days a week. No matter what the weather the linemen will go out when there are problems with power service.

The mission of all electric cooperatives is to make electric energy available to its members at the lowest cost consistent with sound economy and good management, explained Lopez.

The Socorro Cooperative was incorporated in 1943.

Why the Burris Name

The Burris Ranch has been a fixture in the Tierra Grande area for more than 30 years. That is why the new substation is being called the Burris Substation.

The ranch was owned by Weldon and Elizabeth Burris who often sponsored "cowboy" barbecues at their ranch for people visiting the area to consider buying property during the

late 1960s and 1970s.

Lopez remembers meeting and talking with Weldon when Lopez first started working with the cooperative in what is now called Tierra Grande.

About \$3 million will be spent on the substation which has been planned for about five years. It will be located near the industrial park area.

Co-op Looks Into the Future

Tierra Grande is going to be well populated some day and the Socorro Electric Cooperative is looking into the future, said Lopez.

The Old Burris Ranch is about a stone's throw from the new substation.

Site preparation is currently in progress with substation construction scheduled to begin in October 2008. Tie lines were expected to be completed by September 1, 2008

Substation Running in First Quarter

Lopez said the Burris Substation line should be up and running in the first quarter of 2009. There will be

Continued on page 4



Ten employees of the Socorro Electric Cooperative came to the TGIA July meeting including Richard Lopez who is standing just to the middle of the picture. Employees are in the background while people attending the meeting are in the front.

Socorro Electric Cooperative

... Continued from page 3

disruption in service when the substation is tied in, but member-consumers will be notified before that occurs.

The project's \$3 million cost will be depreciated over a 30 year period. A total of 160 poles will be erected as part of the project.

Underground Lines Cost More

A member of the audience inquired about underground power lines. Lopez pointed out that overhead lines are about sixty percent the cost of underground.

If there is an outage in your area then please check your fuses and breakers. Only after checking those fuses and breakers should you call 1 800 351-7575, the toll free number for the SEC.

Crews will be out to check on the outage as soon as possible. There may be other outages that are being worked on or the crews may be in an area that is far away from the location of your problem.

Reasons for outages include deer in power lines, squirrels in regulators, lightning storms, vandalism and trees in the power lines.

Lopez said that mother nature can often cause power line problems.

The Socorro cooperative is working on green power. See the other articles on this page.

Responding to questions from the audience, Lopez said there will be a buffer around the substation. Water rights have been acquired.

CFL Bulbs Efficient, Long Lasting, Small

Those attending the TGIA annual meeting received a sample compact fluorescent light (CFL) bulb from the Socorro Electric Cooperative. Information passed on by the cooperative about those bulbs includes:

- **Long life.** CFL bulbs last up to ten times longer than standard light bulbs. On average, this means changing a CFL bulb every five to seven years.

- **Big energy savings.** CFL bulbs use two-thirds to three-fourths less energy than standard light bulbs. You can save up to \$30 in energy costs over the bulb's lifetime.

- **Great performance.** Instant turn-on, quick warm-up and great light quality.

- **Small size.** Many are no larger than standard light bulbs.

- **Cool operation.** CFL bulbs operate at much lower temperatures, enhancing home safety and generating very little waste heat.

- **Many styles.** Choices include globes, candles, spirals and reflectors — a CFL bulb is available for almost every fixture.

Socorro Electric Cooperative Offers Green Power Program

Socorro Electric Cooperative is offering a "green power" program to its member-consumers. The program helps the advancement of renewable energy sources and promotes energy efficiency.

SEC's consumers can buy electricity generated by renewable resources such as hydroelectric, biomass or wind power under this program.

Program participants can support renewable energy development by purchasing 100-kilowatt hours blocks per month at \$0.40 per block.

SEC's power suppliers, Tri-State Generation and Transmission Association, provide the renewable energy under a green power program it has had in place since 1998.

Tri-State provides green power for the SEC from a number of different sources.

Wind generation is the major source of that power, but a portion of the renewable portfolio also comes from several small hydroelectric projects.

Members of the SEC can subscribe to the green power program by completing the subscriber form at www.socorro.electric.com.

Tri-State has information about green power at www.tristatetg.org/greenpower.

New Area Code Begins October

On October 5, 2008, calls made to the new area code locations using the 505 number will get a recorded message advising to redial using 575.

After January 11, 2009, callers who use the incorrect area code may get connected to a wrong party.

If you live in New Mexico and are unsure of which area code you are in, you will find a map on the web site of the New Mexico Public Regulation Commission or call them directly at 505 827-2338.

Building Permit Issued in May

A building permit was issued in May for construction of a new home on Mora Drive.

Welcome New Tierra Grande Residents

Alex Kaiser - Unit 1

Donald & Kimberly Grubb - Unit 2

Looking for Bridge Players

Tierra Grande resident Lori Nolan would like to play Bridge with other people in the area. Please call her at 861-2050 if you are interested.



Big Horn Sheep Live On In Manzanos

Big Horn Sheep and the Manzano Mountains were the topics covered by Mark Olson of the New Mexico Game and Fish Department at the July 2008 TGIA annual meeting.

Olson has worked for the Game and Fish Department since 1993. His first assignment was as District Officer in Santa Rosa, New Mexico. He has worked in Mora and Las Vegas, New Mexico. In July 2006 he moved to Albuquerque's northwest area as a habitat specialist.

Big Horn Sheep, said Olson, have been around for centuries.

In 1998 the New Mexico Game and Fish Department augmented the sheep in the Manzano Mountains with several from the Las Vegas wilderness herd.

The Big Horn Sheep were released in the Abo Canyon and Sand Canyon as well as Monte Largo area.

Olson pointed out that Big Horn Sheep prefer open country with less than one tree per acre. The less trees the better so that the sheep can see if someone or something is approaching.

How to Improve Habitat

He said that the ways to improve the habitat and create a self-sustaining population include:

- Removing juniper trees and salt cedar in sheep habitat
- Protecting the sheep from doing things like crossing railroad tracks and providing a water source. The BNSF Railroad has agreed to build a wildlife fence along the railroad through Abo Canyon to protect the sheep. The BNSF Railroad will also provide a water source for the Big Horn Sheep.

Olson pointed out that the Soil and Water Conservation District did provide funding to remove some of the salt cedar in Abo and Priest's Canyons which creates open area for the big horn sheep to travel through.

2008 Project

The 2008 habitat improvement project is to remove juniper trees from 160 acres in Sand Canyon.

The key players are TGIA, Natural Resources Conservation Services, Valencia Soil and Water Conservation District,



Mark Olson, at left, addresses the people attending the July 2008 TGIA annual meeting.

Claunch-Pinto Soil and Water Conservation District and the BNSF Railroad.

If this project works out then more big horn sheep may be placed in the Manzano Mountains.

Olson urged people to support habitat improvements by helping provide matching funds for future habitat work, control unwanted trespass, keep wild lands wild and make sure people and machines do not destroy the wild lands.

WANTED: TIERRA GRANDE VOLUNTEER FIREFIGHTERS

Volunteer fire fighters are needed in Tierra Grande.

Tierra Grande has had a substation on Highway 47 just north of the Tierra Grande boundary for many years. Currently there are no volunteers to man this station or to fight a fire.

A new fire truck is currently on order for the Rio Grande Estates fire station and the old one will be assigned to the Tierra Grande substation.

Most fire equipment is quite modern and often includes such niceties as Global Positioning Systems.

There is generally no age limit nor physical requirements for being a fire fighter.

It is important that Tierra Grande have volunteer fire fighters to keep the fire station operating. Please volunteer by contacting the Valencia County Fire Marshall at 505 866-2040.

Some Results from Wilderness/Recreation Survey

TGIA asked Tierra Grande land owners to fill out a survey regarding the development of the wilderness/recreation area in the south end of the Manzano Mountains starting last year.

To date 40 surveys have been returned. Here's some of the feedback received.

To the question Are you willing to volunteer your time? 19 people said yes, 18 said no and 3 said perhaps with the comments including "not living there yet."

A total of 33 said yes and 7 said no to Do you want to see a committee formed to oversee development and maintenance (of the wilderness/recreation area)?

The majority of people, that is 35, responded negatively to the question Do you have any equipment or material you would be willing to volunteer?

There were 31 people who said no to Would you be willing to donate money for the project?

Do you want to see organized development of the recreation area? brought a split response with 20 yes, 16 no and four if.

Comments on this question include "Leave as is! No ATVs, hunting, especially no camping due to noise and fire danger." Another comment asked for "very limited" organized development.

A total of 30 respondents said yes and 10 no to Would you like a map/directions of the proposed development area?

Are you for any form of limited, controlled or monitored hunting in defined areas? brought 24 nos, 14 yes and 2 ifs. Comments included a request to maintain the natural habitat and the statement that it would depend on who has access, when, what, where.

How would you like to see the land developed? brought the following responses:

- Hiking — 39 yes, 9 no with the comment that "if hiking is allowed be sure hikers, as well as campers, take out whatever they bring in or will be heavily fined."

- Camping — 21 yes, 19 no and comments included "tent camping only, no fires."

- ATV — 7 yes, 32 no, 1 if. "No motorized vehicles other than on designed 'roadways'" and "Use for, no development" were among the comments.

- Horseback riding — 33 yes, 7 no. "How are you going to restrict access?" was a comment.

- Hunting — 11 yes, 28 no, 1 if "with restrictions -TGIA land owners only, limited to certain species as a result of overpopulation" were among the remarks.

General suggestions include:

- Any recreational activity which does not destroy the land should be allowed for owners.

- For the area to remain wilderness it must have limited roads which restrict vehicle travel.

- We are seriously afraid of fires.

- Picnic on your own land. It is ridiculous to mess up our beautiful mountains with trash and fires.

Construction of Second Main Track Starting in Abo Canyon — Be Careful!

*By Lewis Ruder, Construction Engineer
BNSF Railway Company*

The BNSF Railway and its contractors are ramping up to start construction of the second main track through Abo Canyon.

Contractor personnel and equipment are moving into the Abo Canyon area and preliminary work has been started on driveways and access points from N.M. Highway 47 and U.S. Highway 60.

Work activity in the canyon will increase over the summer and fall and continue at a high level until late 2009 when the majority of the contractor's work on the railroad grade and bridges is scheduled to be completed.

BNSF Track and Signal Gangs will phase in with track and signal construction starting mid-year 2009 and are scheduled to be completed during the first part of 2010 when the second track will be placed in service for revenue traffic.

As the contractor starts work, additional security

measures will be put in place to make sure that non-essential vehicle traffic is controlled as much as possible, through the canyon and on BNSF right of way and access roads.

Multiple pieces of heavy off-road equipment, including large rock trucks, front end loaders, bulldozers, excavators, motor graders, water trucks, large lift cranes, rock drills and a large number of highway trucks will be in use daily.

Blasting will occur on a daily basis when full production is underway and multiple truck deliveries and construction personnel will be arriving and departing from the project every day.

Access to the canyon will be restricted to necessary personnel and will be controlled at the entry points.

We ask all the Tierra Grande residents to respect the safety efforts of BNSF and our contractors and look forward to continuing our relationship during this intense undertaking.

2008 TGIA Office Holidays

The TGIA office in Rio Communities will be closed these remaining holidays in 2008:

Columbus Day — Monday, October 13

Veterans Day — Tuesday, November 11

Thanksgiving

Thursday & Friday, November 27 & 28

Christmas

Wednesday, December 24, after noon

Thursday, December 25

New Year's Eve

Wednesday, December 31, after noon

TGIA Board Meetings Open to Public

The Tierra Grande Board of Directors generally meets on the 4th (fourth) Wednesday of every month from 4:00 p.m. - 6:00 p.m. at the Tierra Grande Administrative Office, 480 Rio Communities Blvd., Belen, NM 87002 in accordance with the Articles of Incorporation.

The Board works diligently to promote, develop and protect the common good of its landowners.

All Board meetings are open to the public.

If you plan to attend a board meeting it would be helpful if you would call ahead (505) 864-2345 to assure that seating is arranged.

This information can also be found on our web page at www.tierragrande.org.

Upcoming meeting dates are:

August 27, 2008 September 24, 2008

October 22, 2008 November 12, 2008

December 10, 2008

Remove Dead Trees From Lots

Residents and admirers of Tierra Grande are well aware that once scenic properties have been vacant for a period of time the landscape suffers.

Removing dead trees from any lot is an important part of keeping the lot clean and fire safe.

Large dead trees are unsightly, they present a danger in winds and storms from falling trees, branches and lightening (fire hazard).

Dead trees are a problem for insect infestation, termites, beetles, etc. These insects and diseases can migrate to other healthy trees on your own property and adjacent properties.

When trees die, they should be removed.

For a list of tree removal contractors, please feel free to contact the Tierra Grande office.

New TGIA Officers Elected

Judi Magnussen has been elected president of the TGIA Board of Directors.

A resident of Tierra Grande, Judi's term on the board expires in 2009.

Executive Vice President and Treasurer is Tierra Grande resident Carol Gasperetti whose term expires 2011

Longtime board member George Koch will serve as Secretary. He is a Valencia County Realtor™ and appraiser with a term expiring in 2013.

See the back page for a complete list of board members.



Judi Magnussen

Cluster Mail Boxes Installed in TG

The United States Postal Service has installed a set of postal cluster boxes at the corner of Tocado Loop and Diablo Drive for residents in the east mountain area.

If you are a resident of the east mountain area and want to receive your mail at this new location there are two (2) options available to you:

1) If you currently receive your mail at the boxes located at Manzanita and Majado a notice from the United States Postal Service will be put in your mail box with instructions on how to change your delivery to the new boxes OR

2) Tierra Grande residents can visit the Belen Post Office on North Main Street and request a change for mail delivery to the new mail boxes.

Please feel free to call the TGIA office if you have questions at 864-2345.

Annual Meeting . . .Continued from page 1

Discussion is continuing on access points for Sand Canyon, said Sumner. It is hoped that by the next annual meeting in 2009 more information will be available about the wilderness area. It was noted at the meeting that people sometimes refer to the wilderness area as a recreation area. The two terms, wilderness and recreation area, are often used interchangeably.

George Hobbes reported on the election results. There was a total of 3508 assessed properties with that many potential votes by 2580 members. A total of 272 ballots were returned which represented 397 votes.

George Koch was re-elected to the board with 356 votes.

Reminder: Assessment/ Tax Notices Sent In Fall

TGIA assessments are sent to land owners in October of every year. Assessments are billed in arrears, that means assessments are applied to 2008. Assessment payments are due by December 31st of 2008. Assessments paid after December 31st start accumulating interest at eight percent per annum.

Owners of lots into the third year of non-payment will be notified on their assessment bills that in January the account will be sent to legal counsel to begin foreclosure proceedings. Once the account is sent to legal counsel an additional \$60 fee is incurred on each lot in foreclosure.

Property tax notices are generally sent in the beginning of November with payment due in December of the same year.

Assessments are sent to TGIA at PO Box 1388 Belen NM 87002. Property tax payments should be sent to the treasurer of the county where the property is located.

Neighborhood Watch Meeting

Saturday October 18, 2008 11:30 am

Tierra Grande Fire Department Substation

Bring a Dish for the Potluck

The Difference between the Indentures and Protective Covenants

People are sometimes confused about the difference between the Indentures and the Protective Covenants. The following should help.

Indentures

The Indentures are the means for collecting assessments for the purpose of providing a non-profit civic organization to serve as the representative of owners of the lots, the enforcement of all covenants, and the creation, operation, management and maintenance of facilities and services, and other activities applicable to the enhancement of Tierra Grande.

- The Indentures are due to expire in 2013.
- Without the Indentures TGIA will cease to exist.
- Legal counsel has opened the door to the possibility that TGIA could continue in a similar fashion. The new entity must represent the entire membership.
- Counsel believes that it does not require a majority vote of the landowners for TGIA to create another like entity
- The Board of Directors of Tierra Grande is working with legal counsel toward putting into place a sim-

You and Your Television: High Definition in 2009

If you have a television set in your home that works with the help of "rabbit ears" or a "rooftop antenna," you need to take action sometime before February 17, 2009, so you can continue to receive television programming after that date.

The federal government is offering households up to two \$40 coupons to help pay for the cost of a certified converter box so that these television sets can continue to be used.

You can also purchase a new television set which accepts the broadcasts of High Definition. These sets are available at a wide variety of stores, but purchasers should be sure the sets are defined as accepting High Definition.

To obtain a converter box coupon you can apply:

Online at www.DTRV2009.gov

By phone at 1-888-388-2009.

Deaf or hard of hearing callers may call:

1-877-530-2634 TTY-English

1-877-495-1161 TTY- Spanish

By mail at P.O. Box 2000 Portland OR 97208

By FAX at 1-877-DTV-4ME2.

Need Information? Go To www.tierragrande.org

Protective Covenants

The Protective Covenants are the restrictions imposed upon the land in order to provide for a general scheme for good land planning and design.

Examples of Protective Covenants include a minimum of five acres per lot, easement requirements, single family residential dwelling and outbuilding specifications, Architectural Control oversight, no gas or oil drilling or mining, gravel or quarry operation of any kind, no animal or fowl, other than ordinary household pets.

- No more than two (2) horses per five (5) acres of lot size, etc.

- The Covenants run with the life of the land

Changes of the Protective Covenants must be approved by 51% of the landowners in each Unit.

ilar land improvement organization that will oversee Tierra Grande beyond 2013.

Independent Auditors' ReportPhone 505.830/6200
FAX 505.830.6282
www.mossadams.com

Board of Directors
Tierra Grande Improvement Association, Inc.
Belen, New Mexico

We have audited the accompanying statements of financial position of Tierra Grande Improvement Association, Inc. (TGIA) (a non-profit organization) as of December 31, 2007, 2006 and 2005 and the related statements of activities and cash flows for the years then ended.

These financial statements are the responsibility of TGIA's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tierra Grande Improvement Association, Inc. as of December 31, 2007, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Albuquerque, New Mexico
May 20, 2008

SIGNIFICANT ACCOUNTING POLICIES FOR INDEPENDENT AUDITORS' REPORT FOR TGIA

NOTE: Financial Report Starts on page 10

General

Tierra Grande Improvement Association, Inc. (TGIA) is a New Mexico not-for-profit corporation organized for the purpose of promoting and developing the common good and social welfare of the community near Belen, New Mexico, called Tierra Grande. TGIA is exempt from federal taxation under Section 501(c)(4) of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, TGIA considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all certificate of deposits with a maturity of six months or less to be cash equivalents.

Assessments Receivable

Accounts receivable represent charges due from homeowners and members. They are carried at original invoice

amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. An assessment receivable is considered to be past due if not paid by December 31.

Management determines the allowance for doubtful accounts of unpaid assessments using historical trends of collection of unpaid assessments and amounts recouped from foreclosure sales. Accounts receivable collected that were previously written off are recorded as income when received.

Annual Assessment Revenue

TGIA is financed primarily through annual fees assessed landowners in Tierra Grande. Landowners live in various parts of the country. The assessments are recognized as income at the time they are levied.

The annual assessments are levied on October 1 of each

Continued on page 11

Tierra Grande Improvement Association, Inc.

Financial Statements

December 31, 2007, December 31, 2006 and December 31, 2005

ASSETS

	2007	2006	2005
<u>Current Assets</u>			
Cash and cash equivalents	\$ 86,718	141,641	143,877
Certificates of deposit	76,877	-	115,831
Assets held in trust	11,056	11,056	15,816
Assessments receivable and accrued interest on delinquent assessments, less allowance of \$7,500	88,959	95,142	102,954
Deferred charges related to foreclosed property	13,416	13,416	13,416
Prepaid assets	11,924	11,008	22,094
Total current assets	<u>288,950</u>	<u>272,263</u>	<u>413,988</u>
<u>Property and Equipment</u>			
Land held for investment	16,797	11,797	11,797
Land	281,893	281,893	1
Property, equipment, and leasehold improvements, less accumulated depreciation of \$437, 875 in 2007, \$376,149 in 2006 and \$333, 324 in 2005	418,344	479,708	252,280
Total property and equipment	<u>717,034</u>	<u>773,398</u>	<u>264,078</u>
Other Assets	300	300	300
Total assets	<u>\$ 1,006,284</u>	<u>1,045,961</u>	<u>678,366</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>			
Accounts payable and accrued expenses	\$ 5,652	5,848	5,600
Foreclosed property sale liabilities	11,056	11,056	15,816
Total current liabilities	<u>16,708</u>	<u>16,904</u>	<u>21,416</u>
Unrestricted net assets	989,576	1,029,057	656,950
Total liabilities and net assets	<u>\$ 1,006,284</u>	<u>1,045,961</u>	<u>678,366</u>

	2007	2006	2005
<u>Revenues</u>			
Annual assessments	\$ 125,358	127,049	131,158
Railroad income	-	441,117	-
Donated land	5,000	-	-
Interest and other income	11,026	3,120	11,076
	<u>141,384</u>	<u>571,286</u>	<u>142,234</u>

<u>Expenses</u>			
Depreciation and amortization	61,726	50,419	33,679
Insurance	10,532	22,205	20,514
Legal and professional	15,998	22,409	13,792
Office	12,786	15,249	11,550
Other operating and administrative expenses	31,412	27,464	19,840
Payroll and property taxes	6,172	6,539	6,093
Road maintenance	4,907	9,242	922
Salaries and directors' fees	37,332	45,652	40,548
	<u>180,865</u>	<u>199,179</u>	<u>146,938</u>

Change in net assets (39,481) 372,107 (4,704)

Unrestricted net assets, beginning of year 1,029,057 656,950 661,654

Unrestricted net assets, end of year \$ 989,576 1,029,057 656,950

Cash Flows From Operating Activities

Change in net assets	\$ (39,481)	372,107	(4,704)
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Donated land	(5,000)	-	-
Railroad income exchange	-	(441,117)	-
Foreclosed property sale liabilities	-	(4,760)	(17,792)
Assets held in trust	-	4,760	17,792
Depreciation and amortization	61,726	50,419	33,679
Loss on disposal of fixed assets	-	8,282	-

Continued on page 11

TGIA Statements of Financial Positions
December 31, 2007, 2006 and 2005
Continued from Page 10

Changes in assets and liabilities			
Assessments receivable and accrued interest on delinquent assessments	6,183	7,812	15,173
Prepaid assets	(916)	11,086	(3,970)
Accounts payable and accrued expenses	(196)	248	(19,667)
Net cash provided by operating activities	22,316	8,837	20,511
<u>Cash Flows From Investing Activities</u>			
Purchase of certificates of deposit	(76,877)	115,831	-
Purchase of power lines and equipment	(362)	(126,904)	-
Net cash used by investing activities	(77,239)	(11,073)	-
Net (decrease) increase in cash and cash equivalents	(54,923)	(2,236)	20,511
Cash and cash equivalents at beginning of year	<u>141,641</u>	<u>143,877</u>	<u>123,366</u>
Cash and cash equivalents at end of year	\$ 86,718	141,641	143,877
Noncash investing and financing transaction:			
Railroad exchange land	\$ -	281,892	-
Land easement	-	159,225	-
Donated land	5,000	-	-

**SIGNIFICANT ACCOUNTING POLICIES FOR
INDEPENDENT AUDITORS' REPORT FOR TGIA
YEARS ENDED DECEMBER 31, 2007, 2006, 2005**
Continued from Page 9

year and are due on or before January 1 of the following year. If the assessments are not paid by January 1, they become delinquent, and TGIA adds an additional interest charge of 8% per annum to the assessment. Interest is recognized as it is earned. If the assessments are not paid within three years, TGIA may place a lien on the lots against which the assessments were levied.

Lot Size	Annual Assessment
5 but less than 9.99 acres	\$ 30
10 but less than 19.99 acres	45
20 but less than 39.99 acres	60
40 acres and over	75

Lots with commercial or multi-purpose use are charged the same annual assessment as single-family lots until a

building is placed upon the lot(s). At that time, the assessment is \$.0025 per square foot of the building.

Land

Land of \$281,893 and land held for investment of \$16,797, \$11,797 in 2006 and 2005 are undeveloped holdings that is owned by TGIA.

Property and Equipment

TGIA's policy is to capitalize disbursements for property and equipment in excess of \$1,000. Items with a cost of less than \$1,000 are expensed in the year of acquisition. Property and equipment are recorded at cost. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sale of Foreclosed Property

In recent years, TGIA has foreclosed on lots for nonpayment of past assessments. Most of the lots have been sold to the public in annual auctions. At December 31, 2007, 2006 and 2005 there was \$13,416 of legal, title, and property tax costs that were expected to be recaptured, in addition to the unpaid assessments, upon the sale of the foreclosed lots.

Additionally, TGIA is to return \$11,056 as of December 31, 2007, \$11,056 in 2006, and \$15,816 in 2005, to owners of the foreclosed lots for sale proceeds in excess of unpaid assessments and other costs.

Road Maintenance

While major improvements and betterments such as phone lines, fencing, and the fire station are capitalized as property and equipment, smaller improvements and maintenance costs are expensed. Minor improvements, road maintenance, and surveys totaling \$4,907 in 2007, \$9,242 in 2006, and \$922 in 2005, were expensed.

Land Exchange

In 2006 TGIA entered into an agreement with the Burlington Northern Santa Fe Railroad for title to 187.928 acres of land for community use for \$281,892 and to exchange 106.15 acres of a temporary land easement in exchange for 20,000 tons of crushed limestone rock in the amount of \$159,225.

Donated Land

During 2007, TGIA received a donated lot at an estimated value of \$5,000.

Concentrations of Credit Risk

TGIA, in the ordinary course of business, maintains bank balances in excess of FDIC insurance limits but has not experienced any losses.

TGIA Five Year Plan for Improvements

Based on feedback from those in attendance at the 2007 annual meeting the main goals and objectives of the TGIA board are:

- Development of the wilderness-recreation area
- Continuation of TGIA Beyond 2013

Please see the information inside about the 2008 annual meeting including the treasurer's report and TGIA's financial statements.

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It's Your Go To Source!

TGIA Board

President — Judi Magnussen

Tierra Grande resident

Term expires 2009

Executive V.P. & Treasurer

Carol Gasperetti

Tierra Grande resident

Term expires 2011

Secretary — George Koch

Valencia County Realtor™/Appraiser

Term Expires 2013

Tim Lardner

Rio Communities Resident/Business Owner

Term expires 2010

Michael Sumner

Valencia County banker

Term expires 2012

TGIA Staff

Administrator — Sue Moran

Assistant Administrator — Janie Earthman

Newsletter Editor — Sandy Schauer

**BURRIS SUBSTATION
MEANS BETTER POWER
BIG HORN
BIG UPDATE
SHEEP MUCH MORE
AND MUCH NEWSLETTER
INSIDE THIS NEWSLETTER**

**Tierra Grande
Improvement Association
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