

# STATE OF NEW MEXICO



## FINANCIAL STATEMENTS WITH REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011

**STATE OF NEW MEXICO  
CITY OF GALLUP**

**INDEPENDENT AUDITOR'S REPORT  
WITH FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

**JUDI M. STARKOVICH  
EXECUTIVE DIRECTOR OF  
ADMINISTRATIVE SERVICES DIVISION**

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## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
CITY OF GALLUP  
LIST OF ELECTED AND APPOINTED OFFICIALS  
JUNE 30, 2011**

**ELECTED OFFICIALS**

**MAYOR**

**JACKIE MCKINNEY**

**COUNCILOR – DISTRICT 1**

**MIKE ENFIELD**

**COUNCILOR – DISTRICT 2**

**ALLAN LANDAVAZO**

**COUNCILOR – DISTRICT 3**

**E. BRYAN WALL**

**COUNCILOR – DISTRICT 4**

**CECIL GARCIA**

**APPOINTED OFFICIALS**

**CITY MANAGER**

**DAN DIBLE**

**OTHER OFFICIALS**

**EXECUTIVE DIRECTOR OF  
ADMINISTRATIVE SERVICES**

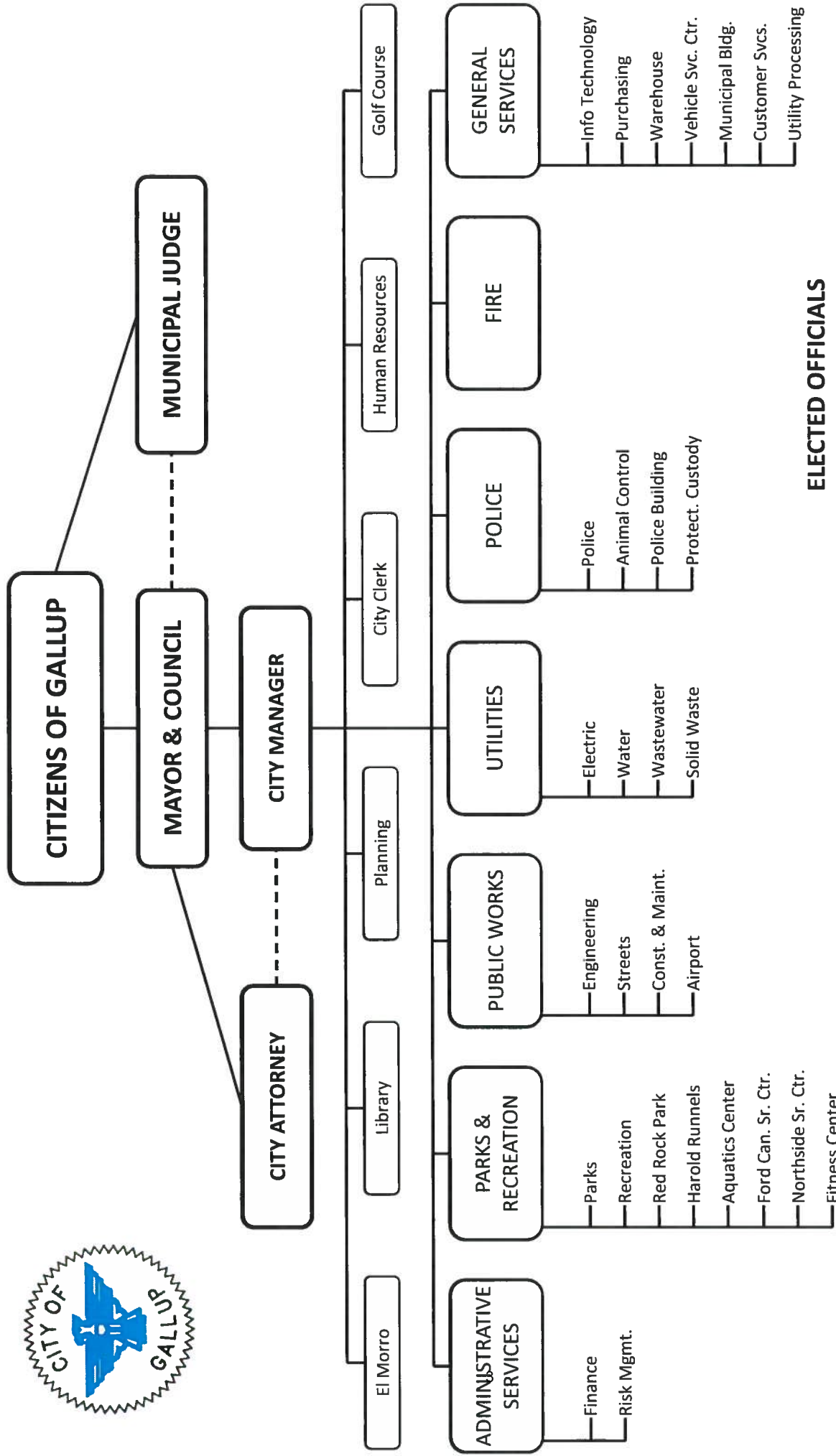
**JUDI M. STARKOVICH**

**CITY CLERK**

**ALFRED ABEITA**

**FINANCE DIRECTOR**

**KARLA NEWBERRY**



**ELECTED OFFICIALS**  
**APPOINTED OFFICIALS**  
 DEPARTMENT HEADS  
 Division Heads



## FINANCIAL SECTION



# Griego Professional Services, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

City of Gallup  
Gallup, New Mexico  
To the Honorable Mayor and City Council  
Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, budgetary comparisons for the general fund and major special revenue fund and the aggregate remaining fund information of City of Gallup (the "City"), New Mexico, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental, non-major enterprise and internal service funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the City of Gallup, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gallup, New Mexico, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise and internal service fund of the City of Gallup, New Mexico, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for major debt service funds and the major enterprise funds and all non-major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011 on our consideration of the City of Gallup, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 7 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The additional schedules listed as "New Mexico State Auditor Disclosures" in the table of contents and the schedule of changes in fiduciary assets and liabilities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
November 29, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gallup (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audit report.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$167,356,501 (*net assets*). Of this amount, \$78,032,803 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,120,690; which was a decrease as compared to prior year. Although taxes and business type service charges are showing a slight growth rate, they are not increasing at the same rate as personnel and operations.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,909,547, a decrease of \$2,062,219 in comparison with prior year. Approximately 29.933% of this total amount, \$7,546,396, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,546,396 or 29.93% of total general fund expenditures. Cash basis fund balance was \$5,633,488.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, public safety, health and welfare, and public works (highways and streets). The business-type activities of the City include the operations of Gallup Joint Utilities (GJU), Solid Waste, The Fitness Center, National Junior High Finals Rodeo (NJHFR), Gamerco Billings, and Risk Management internal service fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate housing authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

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

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

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

The City maintains twenty-eight (28) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and major governmental funds. The major governmental funds include the Environmental Surcharge Special Revenue Fund, the New Mexico Finance Authority Loans Debt Service Fund, the 02/11 Sales Tax Revenue Bonds Capital Projects Fund, and the Public Works Capital Projects Fund. Data from the other twenty-three (23) governmental funds are also combined into a single, aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its GJU, Solid Waste, The Fitness Center, NJHFR, and Gamerco Billings. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its insurance administration. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$167,356,501 at the close of the most recent fiscal year.

The largest portion, 46.63%, of the City's net assets reflects the balances of its *unrestricted net assets* (\$78,032,803) which may be used to meet the City's ongoing obligations to citizens and creditors. An additional portion of the City's net assets, 50.20%, represents its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding (\$84,007,901). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The remaining balance (\$5,315,797) reflects resources that are subject to external restrictions on how they may be used.

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

**CITY OF GALLUP'S NET ASSETS  
(AMOUNTS IN THOUSANDS)**

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
<b>ASSETS</b>						
Current and other assets	\$ 45,354	\$ 47,097	\$ 45,582	\$ 43,712	\$ 90,936	\$ 90,809
Capital assets	<u>86,261</u>	<u>84,409</u>	<u>53,103</u>	<u>52,450</u>	<u>139,364</u>	<u>136,859</u>
Total assets	<u>\$ 131,615</u>	<u>\$ 131,506</u>	<u>\$ 98,685</u>	<u>\$ 96,162</u>	<u>\$ 230,300</u>	<u>\$ 227,668</u>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	\$ 33,750	\$ 36,710	\$ 23,906	\$ 25,304	\$ 57,656	\$ 62,014
Other liabilities	<u>3,402</u>	<u>3,440</u>	<u>1,885</u>	<u>1,978</u>	<u>5,288</u>	<u>5,418</u>
Total liabilities	<u>\$ 37,152</u>	<u>\$ 40,150</u>	<u>\$ 25,792</u>	<u>\$ 27,282</u>	<u>\$ 62,944</u>	<u>\$ 67,432</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 54,305	\$ 49,556	\$ 29,703	\$ 27,466	\$ 84,008	\$ 77,022
Restricted net assets	3,738	5,810	1,577	0	5,316	5,810
Unrestricted net assets	<u>36,420</u>	<u>35,990</u>	<u>41,613</u>	<u>41,414</u>	<u>78,033</u>	<u>77,404</u>
Total net assets	<u>\$ 94,463</u>	<u>\$ 91,356</u>	<u>\$ 72,894</u>	<u>\$ 68,880</u>	<u>\$ 167,357</u>	<u>\$ 160,236</u>

Overall net assets increased by \$7,120,690. This was a 63.22% decrease from prior year. Many of the City's grant projects rolled over from prior year grant awards. Overall revenues decreased, although tax revenues have remained stable as compared to national trends. The main increase in expenses is the rising cost of personnel and services, mainly fuel. During the year, the City began to spend of the prior year's sales tax revenue bond proceeds on a new Eastside Fire Station, improvements at Red Rock Park and on artificially turfing some sports fields.

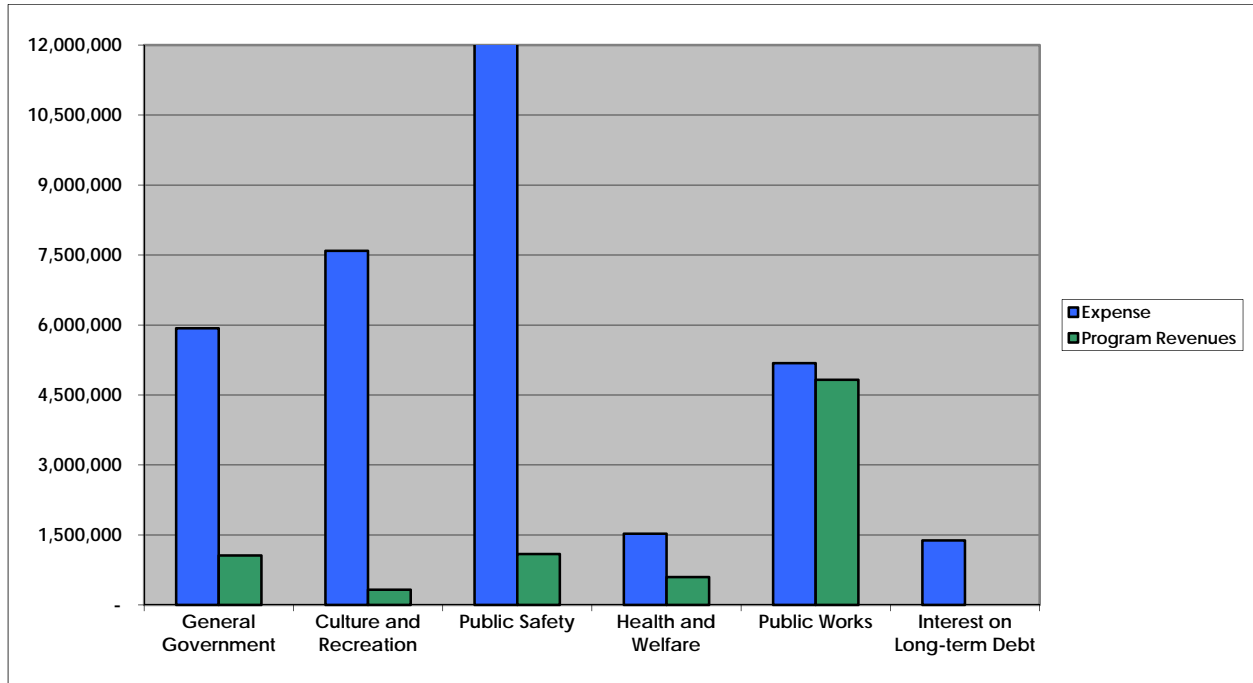
**CITY OF GALLUP'S CHANGES IN NET ASSETS  
(AMOUNTS IN THOUSANDS)**

	Governmental Activities		Business-type Activities		Total Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 3,443	\$ 3,549	\$ 35,065	\$ 34,833	\$ 38,508	\$ 38,382
Operating and capital grants	4,460	5,676	0	7,593	4,460	13,269
General Revenues						
Property taxes	2,986	2,867	0	0	2,986	2,867
Other taxes	15,008	14,273	433	422	15,441	14,695
Grants and other contributions	10,032	9,748	0	0	10,032	9,748
Other	<u>1,021</u>	<u>996</u>	<u>156</u>	<u>428</u>	<u>1,177</u>	<u>1,424</u>
Total Revenues	<u>36,950</u>	<u>37,109</u>	<u>35,654</u>	<u>43,276</u>	<u>72,604</u>	<u>80,385</u>
<b>EXPENSES</b>						
General government	5,929	7,078	0	0	5,929	7,078
Culture and recreation	7,589	6,183	894	916	8,483	7,099
Public safety	14,498	12,821	0	0	14,498	12,821
Health and welfare	1,528	1,446	0	0	1,528	1,446
Public works	5,181	4,823	0	0	5,181	4,823
Electric	0	0	16,988	16,299	16,988	16,299
Wastewater	0	0	3,657	3,179	3,657	3,179
Water	0	0	5,068	4,301	5,068	4,301
Sanitation	0	0	2,767	2,869	2,767	2,869
Interest on long-term debt	<u>1,384</u>	<u>1,090</u>	<u>0</u>	<u>0</u>	<u>1,384</u>	<u>1,090</u>
Total Expenses	<u>36,109</u>	<u>33,441</u>	<u>29,374</u>	<u>27,564</u>	<u>65,483</u>	<u>61,005</u>
Increase in Net Assets Before Net Transfers	841	3,668	6,280	15,712	7,121	19,380
Net Transfers	<u>2,266</u>	<u>1,854</u>	<u>(2,266)</u>	<u>(1,854)</u>	<u>0</u>	<u>0</u>
Increase in Net Assets	3,107	5,522	4,014	13,858	7,121	19,380
Net Assets, 06/30/10	<u>91,356</u>	<u>85,834</u>	<u>68,880</u>	<u>55,022</u>	<u>160,236</u>	<u>140,856</u>
Net Assets, 06/30/11	<u>\$94,463</u>	<u>\$91,356</u>	<u>\$ 72,894</u>	<u>\$ 68,880</u>	<u>\$167,357</u>	<u>\$160,236</u>

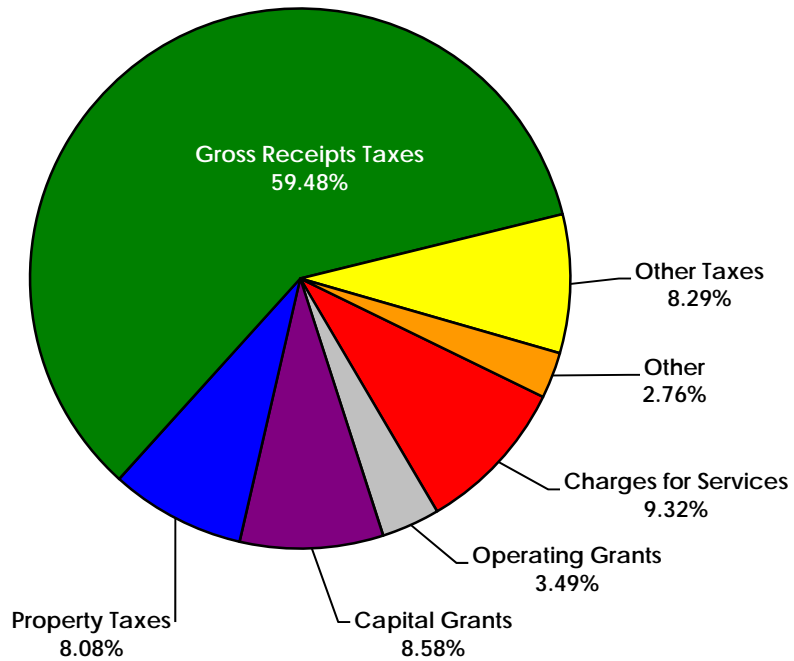
**Governmental Activities.** Governmental activities increased the City's net assets by \$3,107,052, thereby accounting for 43.63% of the total increase in the net assets of the City. This represented a decrease of \$2,414,818, which is down 43.73% as compared to prior year. Key elements of this increase are as follows:

- Operating and capital grants decreased by \$1,215,749, primarily due to the continuing progress of Federal Economic Stimulus grants for the reconstruction of roadways.
- Charges for services decreased by \$106,295 due to the reduction in usage of recreational facilities around the City.
- Overall, taxes increased by \$1,138,160 because of a steady growth in our tax base. The City is a central hub for retail shopping for surrounding reservations. By population counts, the City is about 20,000 residents, but on any given day, we can see an influx of 100,000 consumers. Therefore, our user tax base (gross receipts tax) stays relatively stable throughout the year.
- Expenses increased by \$2,667,743 caused by increasing fuel and construction costs.

**EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES**



**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES**

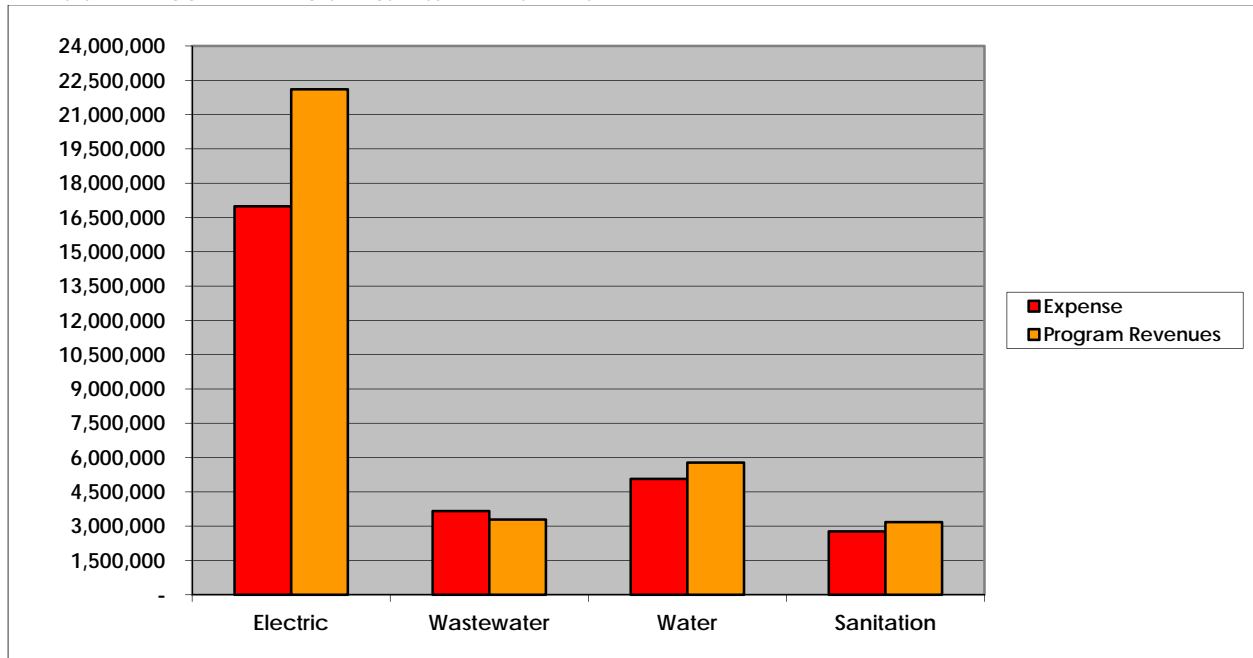




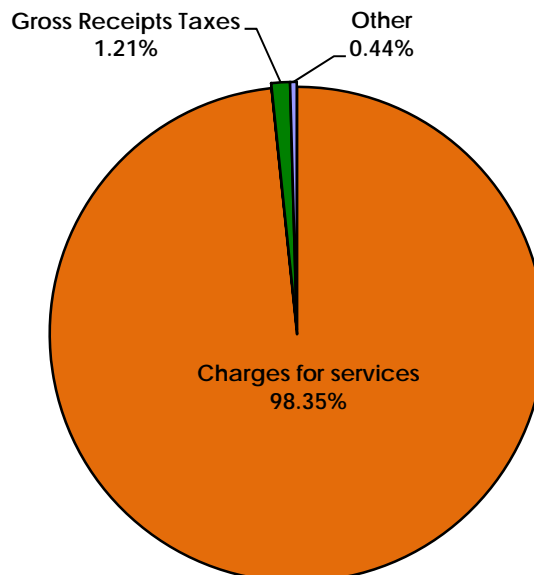
**Business-type Activities.** Business-type activities increased the City's net assets by \$4,013,638 accounting for 56.37% of the total growth of the government's net assets. The decrease of \$9,844,535 was 71.04% as compared to last year. Key elements of this increase are as follows:

- Operating and capital grants decrease \$7,593,271. The City received Water Trust Board grants in the prior year that are in connection with our Navajo Gallup Pipeline project. Not all grant awards have been expended.
- Interest income decreased by \$346,779 as a result of national trends.
- Expenses for business-type activities increased \$1,808,773, which was caused by the increase in operations. Rising costs of providing services to citizens has steadily risen.
- During the fiscal year, the operation of the City's wastewater treatment plant was outsourced to an independent contractor. Thereby reducing GJU's personnel cost but increasing operations.

**EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES**



**REVENUES BY SOURCE BUSINESS –TYPE ACTIVITIES**



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,909,547, a decrease of \$2,062,219 in comparison with the prior year. The General Fund individually had a decrease of \$101,870 in unreserved fund balance, which is available for spending at the City's discretion. Fund balance reserved for encumbrances and inventories decreased \$156,100.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,546,396 while total fund balance was \$8,222,805. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29.93% of total General Fund expenditures, and total fund balance represents 32.61% of that same amount. The expenditure calculation does not consider \$3,028,401 in net transfers out of the General Fund.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$54,230. This reflects a decrease of 97.60%. Key factors in this decrease are as follows:

- Intergovernmental income decreased by \$1,170,387 due to lack of funding.
- Taxes increased by \$870,332, which was caused by influx of retail shoppers in our area. Because of rising gas prices, many of our constituents were shopping in the Gallup area.
- Service charges decreased \$73,274 because of early closure of facilities due to weather and usage.
- Miscellaneous income, including interest, increased by \$149,106 due to insurance recoveries and favorable interest rates on long-term investments.
- Expenditures increased by \$420,878, mainly due to salary increased connected with the City's three (3) labor union contracts and the increasing cost of providing services to constituents.
- Net transfers out decreased by \$505,332 because of the reduction of debt service payments and the influx of additional shared service revenue from GJU.

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

Total unrestricted net assets at the end of the year amounted to \$41,613,185. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$972,361 and can be briefly summarized as follows:

- \$60,056 in decreases allocated to general government departments
- \$520,921 in increases allocated to recreation departments
- \$38,236 in increases allocated to the police and fire departments
- \$582,030 in decreases allocated to the health and welfare departments
- \$14 in decreases allocated to the public works departments
- \$250,195 in increases allocated to capital outlay; mainly the result of the carryover of purchase orders from the prior year and intergovernmental grants
- \$182,840 increase in net operating transfers out; the transfer of grant match from health and welfare to Senior Citizens Special Revenue Fund and increased GJU shared services funding.

Of the increase, \$561,040 was funded out of taxes, \$538,941 was funded out of intergovernmental income, and \$222,500 was funded from miscellaneous income, which reduced the need to balance the budget from cash fund balance.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$139,364,398 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and distribution systems. The total increase in the City's investment in capital assets for the current fiscal year was 9.07% (9.59% increase for governmental activities and 8.15% increase for business-type activities).

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

- Various building and system additions and improvements were completed by GJU at a cost of \$2,845,301
- The City was the recipient of grants for the reconstruction of roadways at a cost of \$3,197,605
- Various equipment and machinery additions were capitalized by the City at a cost of \$1,241,862
- A variety of building and infrastructure projects were completed by the City at a cost of \$2,505,669

**CITY OF GALLUP'S CAPITAL ASSETS  
NET OF DEPRECIATION  
(AMOUNTS IN THOUSANDS)**

	Governmental Activities		Business-type Activities		Total Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 7,422	\$ 7,384	\$ 484	\$ 484	\$ 7,906	\$ 7,868
Distribution & collection Systems	0	0	54,679	51,888	54,679	51,888
Buildings & improvements	76,900	74,724	34,560	34,506	111,460	109,230
Infrastructure	43,435	39,946	0	0	43,435	39,946
Equipment	<u>17,428</u>	<u>16,758</u>	<u>11,921</u>	<u>11,348</u>	<u>29,349</u>	<u>28,106</u>
	<u>\$145,185</u>	<u>\$138,812</u>	<u>\$101,644</u>	<u>\$98,226</u>	<u>\$ 246,829</u>	<u>\$ 237,038</u>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,400,000. Of this amount, \$3,630,000 comprises debt back by property taxes, \$26,475,000 comprises debt backed by gross receipts tax revenues, and \$20,295,000 is backed by revenue generated by GJU. The remaining balance of \$4,050,499 is made up of loans backed by specific operational revenue sources.

**CITY OF GALLUP'S OUTSTANDING DEBT  
(AMOUNTS IN THOUSANDS)**

	Governmental Activities		Business-type Activities		Total Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 3,630	\$ 4,645	\$ 0	\$ 0	\$ 3,630	\$ 4,645
Sales tax revenue bonds	26,475	28,270	0	0	26,475	28,270
Revenue bonds	<u>0</u>	<u>0</u>	<u>20,295</u>	<u>21,505</u>	<u>20,295</u>	<u>21,505</u>
	30,105	32,915	20,295	21,505	50,400	54,420
Loans payable	<u>1,343</u>	<u>1,430</u>	<u>2,707</u>	<u>3,050</u>	<u>4,050</u>	<u>4,480</u>
	<u>\$31,448</u>	<u>\$34,345</u>	<u>\$23,002</u>	<u>\$24,555</u>	<u>\$54,450</u>	<u>\$58,900</u>

During the current fiscal year the City's total debt outstanding decreased by \$4,449,626 (7.56%). The key factor in this increase was the repayment of debt totaling \$8,079,626. During the year the City issued \$3,630,000 in general obligation bonds which defeased the Series 2004 general obligation bonds to take advantage of favorable interest rates. The result expected is to be a decrease in future debt service payments of \$1,398,016.

Currently the City maintains an "A2" rating on its sales tax bonds from Moody's and on its latest issue Standard & Poor's rated the bonds "AA-". GJU maintains an "A1" on its revenue bonds from Moody's and an "AA-" rating from Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to four percent (4%) of its total assessed valuation. The current debt limitation for the City is approximately \$13.9 million, with \$9.7 million as remaining capacity.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Budget revenues for fiscal year 2012 were projected at a three percent (3%) decrease. Although, the City has seen about a slight growth rate in charges for services and taxes over the past few years.
- The City budgeted for increased costs in personnel due to labor union contracts and the rising cost of providing services to citizens of McKinley County.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance in the general fund decreased \$54,230. The City has appropriated \$1,433,879 of fund balance for spending in the 2011 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges for services during the 2011 fiscal year.

GJU increased rates for the 2011 budget year. Rates increased by an average of 3.00% for all customers. These rate increases were necessary to finance debt service on the water and sewer distribution systems and to provide funding for electric and sanitation capital needs.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Gallup, Finance Department, P.O. Box 1270, Gallup, New Mexico 87305. In addition, information concerning the City's component unit, Gallup Housing Authority's and their complete financial statements can be obtained from the Gallup Housing Authority, 203 Debra, Gallup, New Mexico 87301.

## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
CITY OF GALLUP  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	PRIMARY GOVERNMENT			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,322,204	\$ 6,010,455	\$ 15,332,659	\$ 88,139
Investments	26,674,682	20,826,140	47,500,822	-
Accounts receivable, net	8,703,275	2,392,564	11,095,839	47,010
Internal balances	-	-	-	-
Inventories	378,883	2,077,907	2,456,790	37,057
Prepaid expenses	-	-	-	-
Deferred charges	274,755	139,591	414,346	-
Restricted cash and cash equivalents	-	14,135,398	14,135,398	201,578
Capital assets:				
Construction in progress	-	-	-	672,917
Land	7,422,426	483,907	7,906,333	1,686,162
Distribution and collections systems	-	54,678,841	54,678,841	-
Buildings and improvements	76,899,852	34,560,220	111,460,072	11,643,220
Infrastructure	43,434,748	-	43,434,748	-
Equipment	17,427,540	11,920,532	29,348,072	671,516
Less accumulated depreciation	(58,923,292)	(48,540,376)	(107,463,668)	(6,638,400)
Other assets held for sale	-	-	-	-
Total Assets	<u>131,615,073</u>	<u>98,685,179</u>	<u>230,300,252</u>	<u>8,409,199</u>
<b>LIABILITIES</b>				
Accounts payable	635,412	469,345	1,104,757	32,878
Accrued wages and taxes	1,349,432	308,817	1,658,249	3,851
Deferred revenue	1,280,917	40,154	1,321,071	4,320
Payable from restricted assets	-	942,875	942,875	41,115
Accrued interest	136,644	124,293	260,937	-
Other current liabilities	-	-	-	-
Long-term obligations:				
Compensated absences	787,410	205,925	993,335	9,255
Claims and judgements payable	1,006,030	-	1,006,030	-
Due within one year	2,419,913	1,603,286	4,023,199	-
Due in more than one year	<u>29,536,431</u>	<u>22,096,867</u>	<u>51,633,298</u>	-
Total Liabilities	<u>37,152,189</u>	<u>25,791,562</u>	<u>62,943,751</u>	<u>91,419</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	54,304,930	29,702,971	84,007,901	8,035,415
Restricted for:				
Inventories	378,883	-	378,883	-
Deposits	-	-	-	41,115
Encumbrances	-	1,577,461	1,577,461	119,348
Unrestricted	<u>39,779,071</u>	<u>41,613,185</u>	<u>81,392,256</u>	<u>121,902</u>
Total Net Assets	<u>\$ 94,462,884</u>	<u>\$ 72,893,617</u>	<u>\$ 167,356,501</u>	<u>\$ 8,317,780</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating	Capital	PRIMARY GOVERNMENT			Component Unit
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
General government	\$ 5,928,574	\$ 993,247	\$ 54,317	\$ 12,000	\$ (4,869,010)	\$ -	\$ (4,869,010)	\$ -
Culture and recreation	7,589,282	8,302	294,731	24,463	(7,261,786)	-	(7,261,786)	-
Public safety	14,497,953	285,699	703,541	102,941	(13,405,772)	-	(13,405,772)	-
Health and welfare	1,527,509	-	236,845	360,355	(930,309)	-	(930,309)	-
Public works	5,181,477	2,155,784	-	2,670,641	(355,052)	-	(355,052)	-
Interest on long-term debt	1,383,785	-	-	-	(1,383,785)	-	(1,383,785)	-
Total Governmental Activities	36,108,580	3,443,032	1,289,434	3,170,400	(28,205,714)	-	(28,205,714)	-
Business-type activities:								
Culture and recreation	893,934	721,271	-	-	-	(172,663)	(172,663)	-
Electric	16,988,039	22,104,622	-	-	-	5,116,583	5,116,583	-
Wastewater	3,656,624	3,286,356	-	-	-	(370,268)	(370,268)	-
Water	5,067,561	5,776,565	-	-	-	709,004	709,004	-
Sanitation	2,767,084	3,175,868	-	-	-	408,784	408,784	-
Total Business-type Activities	29,373,242	35,064,682	-	-	-	5,691,440	5,691,440	-
Total Primary Government	\$ 65,481,822	\$ 38,507,714	\$ 1,289,434	\$ 3,170,400	(28,205,714)	5,691,440	(22,514,274)	-
COMPONENT UNIT:								
Housing authority	\$ 1,910,903	\$ 555,991	\$ 937,513	\$ 1,457,989	-	-	-	1,040,590
GENERAL REVENUES:								
Property taxes, levied for general purposes					2,146,794	-	2,146,794	-
Property taxes, levied for debt service					838,903	-	838,903	-
Franchise taxes					1,704,411	-	1,704,411	-
Gross receipts taxes					11,945,520	432,911	12,378,431	-
Public service taxes					1,358,092	-	1,358,092	-
Grants and contributions not restricted to specific program					10,031,955	-	10,031,955	-
Miscellaneous income					551,688	74,390	626,078	47,621
Interest income					468,995	81,305	550,300	92
Gain on disposal of equipment					-	-	-	15,762
Transfers					2,266,408	(2,266,408)	-	-
Total General Revenues and Transfers					31,312,766	(1,677,802)	29,634,964	63,475
CHANGE IN NET ASSETS					3,107,052	4,013,638	7,120,690	1,104,065
Net Assets, Beginning of Year					91,355,832	68,879,979	160,235,811	7,213,715
Net Assets, End of Year					\$ 94,462,884	\$ 72,893,617	\$ 167,356,501	\$ 8,317,780

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

STATE OF NEW MEXICO  
CITY OF GALLUP  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011

	<u>General</u>	<u>Major Funds</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,552,136	\$ 5,390,892	\$ 1,378,107	\$ 8,321,135
Investments	4,081,352	14,121,087	5,556,292	23,758,731
Accounts receivable, net	4,939,982	2,943,898	796,932	8,680,812
Due from other funds	60,000	1,630,000	285,000	1,975,000
Inventories	<u>378,883</u>	<u>-</u>	<u>-</u>	<u>378,883</u>
Total Assets	<u>\$ 11,012,353</u>	<u>\$ 24,085,877</u>	<u>\$ 8,016,331</u>	<u>\$ 43,114,561</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 351,713	\$ 180,597	\$ 79,727	\$ 612,037
Accrued wages and taxes	1,275,615	-	61,445	1,337,060
Due to other funds	-	1,850,000	125,000	1,975,000
Deferred revenue	1,162,220	-	118,697	1,280,917
Payable from restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,789,548</u>	<u>2,030,597</u>	<u>384,869</u>	<u>5,205,014</u>
<b>FUND BALANCES</b>				
Nonspendable	378,883	-	-	378,883
Committed	-	-	-	-
Restricted for:				
Special revenue funds	-	9,909,270	1,810,340	11,719,610
Debt service funds	-	134,275	926,382	1,060,657
Capital projects funds	-	10,155,656	3,859,971	14,015,627
Assigned	297,526	1,856,079	1,205,848	3,359,453
Unassigned	<u>7,546,396</u>	<u>-</u>	<u>(171,079)</u>	<u>7,375,317</u>
Total Fund Balances	<u>8,222,805</u>	<u>22,055,280</u>	<u>7,631,462</u>	<u>37,909,547</u>
Total Liabilities and Fund Balances	<u>\$ 11,012,353</u>	<u>\$ 24,085,877</u>	<u>\$ 8,016,331</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,260,403
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,885,953
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(32,593,019)</u>
Net Assets of Governmental Activities	<u>\$ 94,462,884</u>



STATE OF NEW MEXICO  
CITY OF GALLUP  
GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011

	General	Major Funds	Non Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Intergovernmental income	\$ 1,723,830	\$ 2,334,249	\$ 1,699,128	\$ 5,757,207
Taxes	15,796,725	477,353	1,719,642	17,993,720
Operating grant - taxes	8,960,897	-	1,071,058	10,031,955
Charges for services	993,247	1,362,268	294,001	2,649,516
Miscellaneous income	184,172	-	51,063	235,235
Interest income (expense)	531,884	(79,345)	13,236	465,775
Total Revenues	<u>28,190,755</u>	<u>4,094,525</u>	<u>4,848,128</u>	<u>37,133,408</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,020,182	-	12,000	7,032,182
Culture and recreation	4,838,712	-	1,605,325	6,444,037
Public safety	11,215,406	-	638,989	11,854,395
Health and welfare	334,864	-	1,113,724	1,448,588
Public works	1,677,105	36,704	2,308,285	4,022,094
Debt service:				
Principal retirement	-	4,731,630	1,795,000	6,526,630
Interest and other charges	-	227,244	1,164,512	1,391,756
Capital outlay	130,315	4,121,155	2,120,883	6,372,353
Total Expenditures	<u>25,216,584</u>	<u>9,116,733</u>	<u>10,758,718</u>	<u>45,092,035</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,974,171</u>	<u>(5,022,208)</u>	<u>(5,910,590)</u>	<u>(7,958,627)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond and loan proceeds	-	-	3,630,000	3,630,000
Operating transfers in	2,066,408	15,854,223	6,876,137	24,796,768
Operating transfers out	(5,094,809)	(712,506)	(16,723,045)	(22,530,360)
Total Other Financing Sources (Uses)	<u>(3,028,401)</u>	<u>15,141,717</u>	<u>(6,216,908)</u>	<u>5,896,408</u>
Net Change in Fund Balances	(54,230)	10,119,509	(12,127,498)	(2,062,219)
Fund Balance, Beginning of Year	<u>8,277,035</u>	<u>11,935,771</u>	<u>19,758,960</u>	
Fund Balance, End of Year	<u>\$ 8,222,805</u>	<u>\$ 22,055,280</u>	<u>\$ 7,631,462</u>	

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

1,852,649

The internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue is reported with governmental activities.

415,020

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

2,896,630

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

4,972

Change in Net Assets of Governmental Activities

\$ 3,107,052

STATE OF NEW MEXICO  
CITY OF GALLUP  
MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		Total Major
	FUND	FUND	FUND		Governmental
	Environmental	NM Finance	02/11 Sales Tax		Funds
	Surcharge	Authority Loans	Revenue Bonds	Public Works	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 78,999	\$ 134,275	\$ 5,146,016	\$ 31,602	\$ 5,390,892
Investments	8,122,977	-	5,998,110	-	14,121,087
Accounts receivable, net	88,013	-	-	2,855,885	2,943,898
Due from other funds	1,630,000	-	-	-	1,630,000
Inventories	-	-	-	-	-
Total Assets	<u>\$ 9,919,989</u>	<u>\$ 134,275</u>	<u>\$ 11,144,126</u>	<u>\$ 2,887,487</u>	<u>\$ 24,085,877</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 10,719	\$ -	\$ 169,878	\$ -	\$ 180,597
Accrued wages and taxes	-	-	-	-	-
Due to other funds	-	-	-	1,850,000	1,850,000
Deferred revenue	-	-	-	-	-
Payable from restricted	-	-	-	-	-
Total Liabilities	<u>10,719</u>	<u>-</u>	<u>169,878</u>	<u>1,850,000</u>	<u>2,030,597</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Restricted for:					
Special revenue funds	9,909,270	-	-	-	9,909,270
Debt service funds	-	134,275	-	-	134,275
Capital projects funds	-	-	9,207,201	948,455	10,155,656
Assigned	-	-	1,767,047	89,032	1,856,079
Unassigned	-	-	-	-	-
Total Fund Balances	<u>9,909,270</u>	<u>134,275</u>	<u>10,974,248</u>	<u>1,037,487</u>	<u>22,055,280</u>
Total Liabilities and Fund Balances	<u>\$ 9,919,989</u>	<u>\$ 134,275</u>	<u>\$ 11,144,126</u>	<u>\$ 2,887,487</u>	<u>\$ 24,085,877</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		Total Major Governmental Funds
	FUND	FUND	FUND		
	Environmental Surcharge	NM Finance Authority Loans	02/11 Sales Tax Revenue Bonds	Public Works	
REVENUES					
Intergovernmental income	\$ 2,364	\$ -	\$ -	\$ 2,331,885	\$ 2,334,249
Taxes	-	477,353	-	-	477,353
Operating grant - taxes	-	-	-	-	-
Charges for services	1,362,268	-	-	-	1,362,268
Miscellaneous income	-	-	-	-	-
Interest income	(99,598)	(554)	19,636	1,171	(79,345)
Total Revenues	<u>1,265,034</u>	<u>476,799</u>	<u>19,636</u>	<u>2,333,056</u>	<u>4,094,525</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	10,769	-	-	25,935	36,704
Debt service:					
Principal retirement	-	4,731,630	-	-	4,731,630
Interest and other charges	-	227,244	-	-	227,244
Capital outlay	-	-	1,045,388	3,075,767	4,121,155
Total Expenditures	<u>10,769</u>	<u>4,958,874</u>	<u>1,045,388</u>	<u>3,101,702</u>	<u>9,116,733</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,254,265</u>	<u>(4,482,075)</u>	<u>(1,025,752)</u>	<u>(768,646)</u>	<u>(5,022,208)</u>
OTHER FINANCING SOURCES (USES)					
Bond and loan proceeds	-	-	-	-	-
Operating transfers in	-	3,854,223	12,000,000	-	15,854,223
Operating transfers out	(228,388)	(484,118)	-	-	(712,506)
Total Other Financing Sources (Uses)	<u>(228,388)</u>	<u>3,370,105</u>	<u>12,000,000</u>	<u>-</u>	<u>15,141,717</u>
Net Change in Fund Balances	1,025,877	(1,111,970)	10,974,248	(768,646)	10,119,509
Fund Balance, Beginning of Year	<u>8,883,393</u>	<u>1,246,245</u>	<u>-</u>	<u>1,806,133</u>	<u>11,935,771</u>
Fund Balance, End of Year	<u>\$ 9,909,270</u>	<u>\$ 134,275</u>	<u>\$ 10,974,248</u>	<u>\$ 1,037,487</u>	<u>\$ 22,055,280</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 1,268,960	\$ 1,807,901	\$ 1,723,830	\$ (84,071)
Taxes	15,019,690	15,419,690	15,796,725	377,035
Operating grant - taxes	8,729,230	8,890,270	8,960,897	70,627
Charges for services	1,139,450	1,139,450	1,322,506	183,056
Miscellaneous income	220,000	342,500	184,171	(158,329)
Interest income	370,130	470,130	531,884	61,754
Total Revenues	<u>26,747,460</u>	<u>28,069,941</u>	<u>28,520,013</u>	<u>450,072</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,305,750	7,245,694	6,920,182	325,512
Culture and recreation	4,758,340	5,279,261	4,842,088	437,173
Public safety	10,812,590	10,850,826	10,678,663	172,163
Health and welfare	943,190	361,160	334,865	26,295
Public works	1,779,280	1,779,294	1,677,105	102,189
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	96,000	346,195	130,315	215,880
Total Expenditures	<u>25,695,150</u>	<u>25,862,430</u>	<u>24,583,218</u>	<u>1,279,212</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>1,052,310</u>	<u>2,207,511</u>	<u>3,936,795</u>	<u>1,729,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	2,406,240	1,433,879	-	(1,433,879)
Transfers from other funds	1,661,620	1,999,190	2,066,409	67,219
Transfers to other funds	(5,120,170)	(5,640,580)	(5,034,808)	605,772
Total Other Financing Sources (Uses)	<u>(1,052,310)</u>	<u>(2,207,511)</u>	<u>(2,968,399)</u>	<u>(760,888)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	968,396	<u>\$ 968,396</u>
Fund Balance, Beginning of Year			<u>4,665,092</u>	
Fund Balance, End of Year			<u>\$ 5,633,488</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
ENVIRONMENTAL SURCHARGE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 2,364	\$ 2,364	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	1,000,000	1,000,000	1,370,794	370,794
Miscellaneous income	-	-	-	-
Interest income	<u>150,000</u>	<u>150,000</u>	<u>(99,598)</u>	<u>(249,598)</u>
Total Revenues	<u>1,150,000</u>	<u>1,152,364</u>	<u>1,273,560</u>	<u>121,196</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	88,324	50	88,274
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>399,944</u>	<u>-</u>	<u>399,944</u>
Total Expenditures	<u>-</u>	<u>488,268</u>	<u>50</u>	<u>488,218</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>1,150,000</u>	<u>664,096</u>	<u>1,273,510</u>	<u>609,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	1,194,292	-	(1,194,292)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>(1,858,388)</u>	<u>(1,858,388)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(664,096)</u>	<u>(1,858,388)</u>	<u>(1,194,292)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,150,000</u>	<u>\$ -</u>	<u>(584,878)</u>	<u>\$ (584,878)</u>
Fund Balance, Beginning of Year			<u>8,786,854</u>	
Fund Balance, End of Year			<u>\$ 8,201,976</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (584,878)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(8,526)	
Expenditures for payables, prepaid expenditures and other accruals			<u>1,619,281</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 1,025,877</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
PROPRIETARY FUNDS  
STATEMENTS OF NET ASSETS  
JUNE 30, 2011

ASSETS	BUSINESS TYPE ACTIVITIES			GOVERNMENTAL
	Gallup Joint Utilities	Non Major Funds	Total	Internal Service
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,455,550	\$ 554,905	\$ 6,010,455	\$ 1,001,069
Investments	16,939,160	3,886,980	20,826,140	2,915,951
Accounts receivable, net	2,085,468	307,096	2,392,564	22,463
Due from other funds	-	-	-	-
Inventories	<u>2,077,907</u>	<u>-</u>	<u>2,077,907</u>	<u>-</u>
Total Current Assets	<u>26,558,085</u>	<u>4,748,981</u>	<u>31,307,066</u>	<u>3,939,483</u>
NONCURRENT ASSETS				
Restricted cash and cash equivalents	14,129,756	5,642	14,135,398	-
Capital assets:				
Land	416,528	67,379	483,907	-
Distribution and collections systems	54,009,551	669,290	54,678,841	-
Buildings and improvements	34,214,462	345,758	34,560,220	2,180
Equipment	8,713,843	3,206,689	11,920,532	55,331
Less accumulated depreciation	(44,830,010)	(3,710,366)	(48,540,376)	(56,640)
Deferred charges	<u>139,591</u>	<u>-</u>	<u>139,591</u>	<u>-</u>
Total Noncurrent Assets	<u>66,793,721</u>	<u>584,392</u>	<u>67,378,113</u>	<u>871</u>
Total Assets	<u>93,351,806</u>	<u>5,333,373</u>	<u>98,685,179</u>	<u>3,940,354</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	319,736	149,609	469,345	23,375
Accrued wages and taxes	276,882	31,935	308,817	12,372
Due to other funds	-	-	-	-
Deferred revenue	18,149	22,005	40,154	-
Compensated absences	170,350	35,575	205,925	12,624
Claims and judgements	-	-	-	1,006,030
Loans - current	353,286	-	353,286	-
Revenue bonds - current	1,250,000	-	1,250,000	-
Payable from restricted assets	937,233	5,642	942,875	-
Accrued interest	<u>124,293</u>	<u>-</u>	<u>124,293</u>	<u>-</u>
Total Current Liabilities	<u>3,449,929</u>	<u>244,766</u>	<u>3,694,695</u>	<u>1,054,401</u>
NONCURRENT LIABILITIES				
Landfill closure	-	300,000	300,000	-
Loans payable	2,353,755	-	2,353,755	-
Revenue bonds payable (net of unamortized premiums and discounts)	<u>19,443,112</u>	<u>-</u>	<u>19,443,112</u>	<u>-</u>
Total Noncurrent Liabilities	<u>21,796,867</u>	<u>300,000</u>	<u>22,096,867</u>	<u>-</u>
Total Liabilities	<u>25,246,796</u>	<u>544,766</u>	<u>25,791,562</u>	<u>1,054,401</u>
NET ASSETS				
Investment in capital assets, net of related debt	29,124,221	578,750	29,702,971	871
Unrestricted	<u>38,980,789</u>	<u>4,209,857</u>	<u>43,190,646</u>	<u>2,885,082</u>
Total Net Assets	<u>\$ 68,105,010</u>	<u>\$ 4,788,607</u>	<u>\$ 72,893,617</u>	<u>\$ 2,885,953</u>

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

STATE OF NEW MEXICO  
CITY OF GALLUP  
PROPRIETARY FUNDS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS TYPE ACTIVITIES			GOVERNMENTAL
	Gallup Joint Utilities	Non Major Funds	Total	ACTIVITIES Internal Service
<b>OPERATING REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ 10,000
Taxes	-	432,911	432,911	-
Operating grant - taxes	-	-	-	-
Charges for services	30,910,304	4,154,378	35,064,682	-
Miscellaneous income	40,000	34,390	74,390	316,453
Assessments	-	-	-	2,263,146
Total Operating Revenues	<u>30,950,304</u>	<u>4,621,679</u>	<u>35,571,983</u>	<u>2,589,599</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,915,347	765,352	3,680,699	314,443
Depreciation expense	2,702,478	62,325	2,764,803	146
Operating expenses	<u>18,695,168</u>	<u>3,196,532</u>	<u>21,891,700</u>	<u>1,863,210</u>
Total Operating Expenses	<u>24,312,993</u>	<u>4,024,209</u>	<u>28,337,202</u>	<u>2,177,799</u>
Operating Income (Loss)	<u>6,637,311</u>	<u>597,470</u>	<u>7,234,781</u>	<u>411,800</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Loss on sale of capital assets	-	-	-	-
Interest income	67,326	13,979	81,305	3,220
Bond issue costs	19,285	-	19,285	-
Interest and other charges	<u>(1,055,325)</u>	<u>-</u>	<u>(1,055,325)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(968,714)</u>	<u>13,979</u>	<u>(954,735)</u>	<u>3,220</u>
Income (Loss) Before Operating Transfers	<u>5,668,597</u>	<u>611,449</u>	<u>6,280,046</u>	<u>415,020</u>
<b>NET OPERATING TRANSFERS IN (OUT)</b>				
Operating transfers from other funds	-	-	-	-
Operating transfers to other funds	<u>(1,946,479)</u>	<u>(319,929)</u>	<u>(2,266,408)</u>	<u>-</u>
Net Operating Transfers In (Out)	<u>(1,946,479)</u>	<u>(319,929)</u>	<u>(2,266,408)</u>	<u>-</u>
Change in Net Assets	3,722,118	291,520	4,013,638	415,020
Total Net Assets, Beginning of Year	<u>64,382,892</u>	<u>4,497,087</u>	<u>68,879,979</u>	<u>2,470,933</u>
Total Net Assets, End of Year	<u>\$ 68,105,010</u>	<u>\$ 4,788,607</u>	<u>\$ 72,893,617</u>	<u>\$ 2,885,953</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
PROPRIETARY FUNDS  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS TYPE ACTIVITIES			GOVERNMENTAL
	Gallup Joint Utilities	Non Major Funds	Total	ACTIVITIES Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 31,206,085	\$ 4,678,860	\$ 35,884,945	\$ 2,567,136
Cash paid to suppliers for goods and services	(18,410,009)	(3,194,662)	(21,604,671)	(1,945,136)
Cash paid to employees for services	(2,943,820)	(759,358)	(3,703,178)	(309,595)
Cash received from other funds for services	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>9,852,256</u>	<u>724,840</u>	<u>10,577,096</u>	<u>312,405</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating subsidies from (to) other funds	<u>(1,946,479)</u>	<u>(319,929)</u>	<u>(2,266,408)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned	<u>67,326</u>	<u>13,979</u>	<u>81,305</u>	<u>3,220</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(3,130,448)	(287,635)	(3,418,083)	-
Proceeds from the issuance of debt	-	-	-	-
Principal paid on capital debt	(1,552,996)	-	(1,552,996)	-
Interest paid on capital debt	<u>(1,061,715)</u>	<u>-</u>	<u>(1,061,715)</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,745,159)</u>	<u>(287,635)</u>	<u>(6,032,794)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,227,944	131,255	2,359,199	315,625
Cash and Cash Equivalents, Beginning of Year	<u>34,296,523</u>	<u>4,316,272</u>	<u>38,612,795</u>	<u>3,601,395</u>
Cash and Cash Equivalents, End of Year	<u>\$ 36,524,467</u>	<u>\$ 4,447,527</u>	<u>\$ 40,971,994</u>	<u>\$ 3,917,020</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 6,637,311	\$ 597,470	\$ 7,234,781	\$ 411,800
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	2,702,478	62,325	2,764,803	146
(Increase) decrease in accounts receivable	362,936	76,547	439,483	(22,596)
Increase (decrease) in provision for doubtful accounts	(136,126)	(19,243)	(155,369)	133
(Increase) decrease in inventories	194,150	-	194,150	-
Increase (decrease) in accounts payable	91,009	21,870	112,879	(12,847)
Increase (decrease) in accrued wages and taxes	(29,062)	4,560	(24,502)	1,860
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in compensated absences	589	1,434	2,023	2,988
Increase (decrease) in claims and adjustments	-	-	-	(69,079)
Increase (decrease) in deferred revenue	(692)	1,368	676	-
Decrease in payable from restricted assets	29,663	(1,491)	28,172	-
Decrease in landfill postclosure	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 9,852,256</u>	<u>\$ 724,840</u>	<u>\$ 10,577,096</u>	<u>\$ 312,405</u>



STATE OF NEW MEXICO  
CITY OF GALLUP  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 175,156
Investments	300,387
Accounts receivable, net	<u>7,337</u>
Total Assets	<u>\$ 482,880</u>
LIABILITIES	
Accounts payable	\$ 1,502
Special projects payable	<u>481,378</u>
Total Liabilities	<u>\$ 482,880</u>

## NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

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**NOTE 1. SIGNIFICANT ACCOUNTING PRINCIPLES**

**A. Reporting Entity**

The City of Gallup, New Mexico (the "City") is a home rule municipality operating under the powers granted by the constitution and laws of the State of New Mexico. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component unit, an entity for which the government is considered financially accountable. The City's discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

**Discrete Component Unit**

The Gallup Housing Authority (the Authority) is responsible for providing low-income public housing services within the city limits. A board appointed by the City's elected council governs the Authority. However, the City is financially accountable for the Authority because the City's council must approve any debt issuances and the legal liability for the general obligation portion of the Authority's debt remains with the City. The Authority is presented as an enterprise fund.

Complete financial statements for the component unit may be obtained at the entity's administrative office: Gallup Housing Authority, 203 Debra, Gallup, New Mexico 87301.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the City's accounting policies are described below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which is effective for financial statements for periods beginning after January 1, 2003. The City elected to implement the general provision of the statement in 2003 and retroactively reported infrastructure acquired after December 31, 1979 and prior to January 1, 2003 in the fiscal year ended June 30, 2007.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

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**NOTE 1. SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Basis of 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 funds are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual basis of accounting*. Under this method, 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund 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 (gross receipts) 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. This fund is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

The *Environmental Surcharge Special Revenue Fund* accounts for the accumulation of and payments made for environmental surcharge payments.

The *New Mexico Finance Authority Loans Debt Service Fund* accounts for the accumulation of resources for and the payment of, principal and interest of a restricted loan used for the construction of the Westside Fire Station. The payment source is generated by the City's share of the State's Fire Fund. It also accounts for the accumulation of resources and the payment of interest of restricted loans used for construction of capital projects around the City. The repayment source is generated by the City's share of property taxes.

The *02/11 Sales Tax Revenue Bonds Capital Projects Fund* accounts for the financial resources provided by the February 2011 Sales Tax Revenue Bonds. Proceeds are to be used to refund the 2000 issue and for the construction of a new Eastside Fire Station, for the installation of field turf on two (2) baseball fields and a football field, for improvements at the Northside Senior Center, and for improvements at Red Rock Park, which total \$12,000,000.

The *Public Works Capital Projects Fund* accounts for the financial resources for various capital construction projects. Transfers from various funds and grants from the State of New Mexico provide resources for the construction projects.

The City reports the following major proprietary funds:

The *Joint Utilities Enterprise Fund* accounts for the activities of the City's electric, wastewater, and water systems.

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for the operations of the Risk Management Fund which services the City's departments on a cost-reimbursement basis.

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**NOTE 1. SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds account for assets that the City holds for others in an agency capacity.

Proprietary funds use the flow of economic resources measurement focus for accounting purposes. The accounting objectives are a determination of net income, financial position and changes in cash flow. The Proprietary Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The City applies all applicable FASB pronouncements issued after November 30, 1989, to government wide financial statements (business-type activities) and to proprietary funds in the fund financial statements.

As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric, wastewater, water, solid waste and insurance functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

**D. Subsequent Accounting and Standards Pronouncements**

In December 2009, the GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan, which is effective for financial statement periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

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

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**D. Subsequent Accounting and Standards Pronouncements (Continued)**

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

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

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

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**E. Assets, Liabilities, and Fund Equity**

*Cash and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of two years or less from the date of acquisition. Under New Mexico State statutes, the City can invest in obligations of the U.S. Treasury and the State Treasurer's Investment Pool (LGIP). Investments of the City are reported at fair value. The LGIP 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.

*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade receivables are shown net of an allowance for doubtful accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for doubtful accounts.

Property taxes are levied as of November 1<sup>st</sup> on property values assessed as of January 1<sup>st</sup>. Property taxes, collected by McKinley County (the County), are due in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup>. The billings are considered past due 60 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

The City is permitted to levy taxes for general operating purposes based on taxable value for residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the City is allowed to levy taxes for payments of bond principal and interest in an amount approved by the City. The City's total tax rate to finance general government services for the year ended June 30, 2011 was \$7.650 per \$1,000 for nonresidential property and \$5.135 per \$1,000 for residential property. The City's tax rate for debt service was \$2.220 for both residential and non-residential property.

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**NOTE 1. SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

*Inventories*

The inventory held in the General Fund consists of expendable supplies and museum artifacts held in custody for an outside agency. Inventories are valued at a weighted average cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The General Fund reports a fund balance reserve for inventories, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The inventory recorded in Proprietary Funds consists of supplies valued at a weighted average cost. Inventories of business-type funds are recorded as expenses when consumed rather than when purchased.

*Restricted Assets*

Certain proceeds of the City revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets, since their use is limited by applicable bond covenants. In addition, the City has imposed designations on cash balances for specific purposes.

*Capital Assets*

Capital assets which include property, plant, furniture, vehicles and equipment (including software), and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at cost or if contributed at their fair market value at contribution. Assets capitalized have an original cost of \$5,000 or more and have an estimated useful life greater than one year. Capital assets, if purchased or constructed, are recorded at historical costs or estimated historical cost if original cost was not available.

Repairs and maintenance that do not add to the value of the assets or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as the project is completed. Information Technology Equipment, including software, is being capitalized and included in machinery and equipment. The City expenses the cost of library books when purchased.

Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Building improvements	40
Public domain infrastructure	40
System infrastructure	40
Vehicles	06
Miscellaneous equipment	06

*Compensated Absences*

The City's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. For Governmental Funds, expenditures are recognized during the period in which the amount are payable from current available resources. A liability for amounts accrued is recorded in the related funds. For Proprietary Funds, vacation and sick leave costs are recognized when incurred. This liability includes an accrual of all related employer payroll taxes.

*Long-term Obligations*

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds, using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt. In the governmental fund statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported net of discounts received. The net amount is reported as either another financing source or use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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**NOTE 1. SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

**E. Assets, Liabilities, and Fund Equity (Continued)**

*Fund Equity*

*In fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Classifications of fund balance is illustrated I Note 6.*

*Net Assets*

Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt issued to finance the acquisition, improvement, or construction of those assets. Restricted net assets include net assets that are subject to constraints on their use by creditors, grantors, enabling legislation, and bond indentures. These are the replacement reserves and the bond escrow accounts. Unrestricted net assets are available for general use by the City for any obligation or expense.

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the \$32,593,019 difference are as follows:

Bonds payable	\$30,612,886
Loans payable	1,343,458
Less: deferred charge for issuance costs (to be amortized over life of debt)	(274,755)
Accrued interest (to be amortized as interest expense)	136,644
Compensated absences	<u>774,786</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$32,593,019</u>

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government – wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,852,649 difference are as follows:

Capital outlay	\$ 6,372,353
Depreciation expense	(4,519,704)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,852,649</u>



STATE OF NEW MEXICO  
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**NOTE 2. RECONCILIATION OF GOVERNMENT –WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$2,896,630 difference are as follows:

Bond Proceeds	\$ (3,630,000)
Principal Repayments	
Revenue bond debt	1,795,000
General obligation debt	4,645,000
Loans payable	<u>86,630</u>
Net adjustment to increase net changes in fund – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,896,630</u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$4,972 difference are as follows:

Compensated absences	\$ (2,999)
Accrued interest	46,820
Amortization of bond issuance costs	(38,984)
Amortization of bond premiums	<u>135</u>
Net adjustment to increase net changes in fund – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,972</u>

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the capital projects funds, which adopt project-length budgets, and agency funds, which are not budgeted. All annual appropriations lapse at fiscal year end. The City follows the following procedures in establishing the budgetary data reflected in the financial statements.

During the month of March, all directors submit requests for appropriations to the Treasurer and Finance Director so that a budget may be prepared. Before May 31, the proposed budget is presented to the City Council for review. The council holds public hearings and a final budget must be prepared and adopted no later than June 1. The Local Government Division of the Department of Finance and Administration (DFA) of the State of New Mexico must approve the City's budget.

The finance department prepares the budget by fund, department, and functional category (personnel, operations, and capital outlay). This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. The City's department directors may make transfers of appropriations within a department's functional category. The City's council can transfer budgeted amounts within departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by council and by DFA. The City had four (4) revisions to the budget for the year ending, June 30, 2011.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

STATE OF NEW MEXICO  
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**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Excess of Expenditures/Expenses Over Appropriations**

The General Fund's budgeted expenditures exceeded its revenues and transfers by \$1,433,879. Actual expenditures did not exceed actual revenues.

The Environmental Surcharge Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$1,194,292. Available cash balance funded the actual decrease in net fund balance of \$584,878.

The Correction Fees Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$359,230. Available cash balance funded the actual decrease in net fund balance of \$315,381.

The Emergency Medical Services Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$293. Actual expenditures did not exceed actual revenues.

The Fire Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$388,705. Available cash balance funded the actual decrease in net fund balance of \$113,975.

The Law Enforcement Protection Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$15,719. Available cash balance funded the actual decrease in net fund balance of \$15,579.

The Lodgers' Tax Special Revenue Fund budgeted expenditures exceeded its revenues and transfers by \$1,139,330. Available cash balance funded the actual decrease in net fund balance of \$553,252.

The Municipal Gas Tax Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by \$139,163. Available cash balance funded the actual decrease in net fund balance of \$63,104.

The Juvenile Recreation Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by \$3,587. Available cash balance funded the actual decrease in net fund balance of \$3,580.

The Business Improvement District Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by \$33,400. Available cash balance funded the actual decrease in net fund balance of \$31,563.

The 02/04 Sales Tax Revenue Bonds Debt Service Fund budgeted that expenditures would exceed revenues and transfers by \$800. Available cash balance funded the actual decrease in net fund balance of \$6,285.

The New Mexico Finance Authority Debt Service Fund budgeted that expenditures would exceed revenues and transfers by \$1,088,690. Available cash balance funded the actual decrease in net fund balance of \$1,089,662.

The 06/10 Sales Tax Bonds Debt Service Fund budgeted that expenditures would exceed revenues and transfers by \$12,001,600. Available cash balance funded the actual decrease in net fund balance of \$11,997,654.

The Airport Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$15,466. Available cash balance funded the actual decrease in net fund balance of \$13,260.

The Infrastructure GRT Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$457,924. Actual expenditures did not exceed actual revenues.

The ¼% Infrastructure GRT Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$1,416,439. Available cash balance funded the actual decrease in net fund balance of \$710,486.

The 11/00 Sales Tax Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$243,440. Available cash balance funded the actual decrease in net fund balance of \$15,566.

The General Obligation Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$86,624. Available cash balance funded the actual decrease in net fund balance of \$48,303.

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The 02/04 Sales Non Tax Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by \$3,727. Available cash balance funded the actual decrease in net fund balance of \$3,726.

The Joint Utilities Enterprise Fund budgeted that expenditures would exceed revenues and transfers by \$13,455,212. Actual expenditures did not exceed actual revenues.

The Fitness Center Enterprise Fund budgeted that expenditures would exceed revenues and transfers by \$125,104. Available cash balance funded the actual decrease in net fund balance of \$38,032.

The National Junior High Finals Rode Enterprise Fund budgeted that expenditures would exceed revenues and transfers by \$264,319. Available cash balance funded the actual decrease in net fund balance of \$121,742.

The Gamarco Billing Enterprise Fund budgeted that expenses would exceed revenues and transfers by \$35,000. Available cash balance funded the actual decrease in net fund balance of \$78,751.

The Risk Management Internal Service Fund budgeted that expenditures would exceed revenues and transfers by \$197,181. Actual expenditures did not exceed actual revenues.

**C. GAAP to Budgetary Basis Reconciliation**

The following are reconciliations between the Non-GAAP budgetary basis amounts and the GAAP financial statements basis by fund type.

Governmental Activities	General Fund	Major Governmental Funds	Non Major Governmental Funds	Internal Service
Net change in fund Balance (GAAP basis)	\$ (54,230)	\$10,119,509	\$ (12,127,498)	\$ 415,020
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals	329,259	1,680,758	(135,527)	(22,463)
Expenditures for payables, prepaid expenses and other accruals	<u>693,367</u>	<u>(2,349,079)</u>	<u>(257,518)</u>	<u>(76,932)</u>
Net change in fund balance (budget basis)	<u>\$ 968,396</u>	<u>\$ 9,451,188</u>	<u>\$ (12,520,543)</u>	<u>\$ 315,625</u>

Business-type Activities	Major Proprietary Fund	Non Major Proprietary Funds
Net change in fund Balance (GAAP basis)	\$ 3,722,118	\$ 291,520
Adjustments to:		
Revenues for tax accruals, interest, and other deferrals and accruals	228,357	58,635
Expenditures for payables, prepaid expenses and other accruals	<u>(1,722,532)</u>	<u>(218,900)</u>
Net change in fund balance (budget basis)	<u>\$ 2,227,943</u>	<u>\$ 131,255</u>

**D. Deficit Fund Equity**

The Senior Citizens Special Revenue Fund reported a deficit fund balance of \$37,952 as of June 30, 2011. The deficit is the result of a timing issue between the City expending funds and the receipt of the grant funding.

The Business Improvement Special Revenue Fund reported a deficit fund balance of \$11,733 as of June 30, 2011. The deficit is the result of an overpayment of grant funding that will be recovered in fiscal year 2012.

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**NOTE 4. DETAILED NOTES ON ALL FUNDS**

**A. Pooled Cash and Investments**

Below is a summary of the City's cash, cash equivalents, and investments at June 30, 2011.

	FM Value	Bank Balance	Maturities
<b>DEPOSITORY ACCOUNTS</b>			
Checking	\$ 3,170,588	\$ 3,687,653	
Money market	11,163,912	12,165,750	
Cash with fiscal agent	7,109,689	7,109,689	
State Investment Pool	2,920	2,920	Two (2) Years or Less
Certificates of deposit	<u>22,000,000</u>	<u>22,000,000</u>	
	43,447,109	44,966,012	
<b>INVESTMENTS</b>			
Treasury notes	<u>34,308,272</u>	<u>34,308,272</u>	Six Years or Less
	77,755,381	79,274,284	
<b>CASH ON HAND</b>			
	<u>10,672</u>	<u>0</u>	
	77,766,053	79,274,284	
Component Unit	<u>307,007</u>	<u>289,717</u>	
<b>TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS</b>			
	<u>\$78,073,060</u>	<u>\$79,564,001</u>	

The City invests in the State Investment Pool, which is valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested. Participation in the local government investment pool is voluntary. Collateral pledged to secure the State Treasurer's cash and investments can be reviewed in the agency's complete financial statements. A copy can be obtained from the New Mexico State Treasurer, P.O. Box 608, Santa Fe, New Mexico 87504.

Detail of pledged collateral specific to the City's deposit with the New Mexico Finance Authority (NMFA) is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

In the state statutes, it allows for money markets. They do not have to be collateralized because there is fixed income securities or debt instruments inside the fund. Money at banks has to be collateralized because if the bank goes under that's it. A fund is made up of many different fixed income assets with short-term maturities. The fund also has an AAA rating from the Moody's.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the City's bank balance exposed to custodial credit risk.

*Interest Rate Risk*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2011, the City's investment of New MexiGROW LGIP had a value of \$29,920 and a 50 day WAM.

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Pooled Cash and Investments (Continued)**

*Credit Risk*

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2011, the City's investment in the state investment pool was AAAM by Moody's Investor's Service.

**B. Accounts Receivable**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, deferred and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes	\$ 165,162	\$ 0
Gross receipts taxes	<u>1,115,755</u>	<u>0</u>
	<u>\$1,280,917</u>	<u>\$ 0</u>

Receivables as of year-end for the government's individual major and non-major funds and internal service fund in the aggregate, including the applicable allowances for uncollectible accounts follow:

Governmental Activities	General Fund	Major Governmental Funds	Non Major Governmental Funds	Internal Service Fund	Total
<b>RECEIVABLES</b>					
Intergovernmental	\$ 94,324	\$2,855,885	\$ 150,597	\$ 0	\$3,100,806
Taxes	4,800,529	0	646,335	0	5,446,864
Charges for services	114,678	112,283	55,848	13,898	296,707
Other	<u>63,826</u>	<u>1,378</u>	<u>0</u>	<u>22,463</u>	<u>87,668</u>
Total Gross Receivables	5,073,357	2,969,546	852,780	36,361	8,932,045
Allowance for doubtful accounts	<u>(133,375)</u>	<u>(25,648)</u>	<u>(55,848)</u>	<u>(13,898)</u>	<u>(228,769)</u>
Net Receivables	<u>\$4,939,982</u>	<u>\$2,943,898</u>	<u>\$796,932</u>	<u>\$22,463</u>	<u>\$8,703,276</u>

Business-type Activities	Major Proprietary Fund	Non Major Proprietary Funds	Total
<b>RECEIVABLES</b>			
Intergovernmental	\$ 0	\$ 0	\$ 0
Taxes	0	94,661	94,661
Charges for services	2,684,596	318,836	3,003,432
Other	<u>63,786</u>	<u>(8,601)</u>	<u>55,185</u>
Total Gross Receivables	2,748,382	404,896	3,153,278
Allowance for doubtful accounts	<u>(662,914)</u>	<u>(97,800)</u>	<u>(760,714)</u>
Net Receivables	<u>\$2,085,468</u>	<u>\$307,096</u>	<u>\$2,392,564</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Accounts Receivable (Continued)**

Discrete Component Unit	
RECEIVABLES	
Tenants	\$ 38,596
HUD	11,995
Other	<u>10,990</u>
Total Gross Receivables	61,581
Allowance for doubtful accounts	<u>(14,571)</u>
Net Receivables	<u>\$47,010</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,383,732	\$ 38,694	\$ 0	\$ 0	\$ 7,422,426
Capital assets, being depreciated					
Buildings	74,724,106	2,175,746	0	0	76,899,852
Infrastructure	39,945,914	3,488,834	0	0	43,434,748
Equipment	<u>16,758,461</u>	<u>669,079</u>	<u>0</u>	<u>0</u>	<u>17,427,540</u>
Total capital assets, being depreciated	<u>131,428,481</u>	<u>6,333,659</u>	<u>0</u>	<u>0</u>	<u>137,762,140</u>
Less: accumulated depreciation for:					
Buildings	(23,029,043)	(1,733,740)	0	0	(24,762,783)
Infrastructure	(17,490,505)	(1,523,476)	0	0	(19,013,981)
Equipment	<u>(13,883,894)</u>	<u>(1,262,634)</u>	<u>0</u>	<u>0</u>	<u>(15,146,528)</u>
Total accumulated depreciation	<u>(54,403,442)</u>	<u>(4,519,850)</u>	<u>0</u>	<u>0</u>	<u>(58,923,292)</u>
Total capital assets, net of depreciation	<u>77,025,039</u>	<u>1,813,809</u>	<u>0</u>	<u>0</u>	<u>78,838,848</u>
Net capital assets	<u>\$84,408,771</u>	<u>\$1,852,503</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$86,261,274</u>

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 483,907	\$ 0	\$ 0	\$ 0	\$ 483,907
Capital assets, being depreciated					
Distribution systems	51,887,607	2,791,234	0	0	54,678,841
Buildings	34,506,153	54,067	0	0	34,560,220
Equipment	<u>11,347,749</u>	<u>572,783</u>	<u>0</u>	<u>0</u>	<u>11,920,532</u>
Total capital assets, being depreciated	<u>97,741,509</u>	<u>3,418,084</u>	<u>0</u>	<u>0</u>	<u>101,159,593</u>
Less: accumulated depreciation for:					
Distribution systems	(23,507,215)	(1,367,386)	0	0	(24,874,601)
Buildings	(13,276,680)	(862,797)	0	0	(14,139,477)
Equipment	<u>(8,991,678)</u>	<u>(534,620)</u>	<u>0</u>	<u>0</u>	<u>(9,526,298)</u>
Total accumulated depreciation	<u>(45,775,573)</u>	<u>(2,764,803)</u>	<u>0</u>	<u>0</u>	<u>(48,540,376)</u>
Total capital assets, net of depreciation	<u>51,965,936</u>	<u>(653,281)</u>	<u>0</u>	<u>0</u>	<u>52,619,217</u>
Net capital assets	<u>\$52,449,843</u>	<u>\$ (653,281)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$53,103,124</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Asset (Continued)**

Depreciation expense was charged to function/programs of the primary government as follows:

**Governmental Activities**

General government	\$1,272,338
Culture and recreation	872,331
Public safety	2,013,593
Health and welfare	60,114
Public works	<u>301,474</u>
Total Depreciation Expense	<u>\$4,519,850</u>

**Business-type Activities**

Electric	\$ 546,451
Wastewater	1,005,599
Water	1,148,313
Administration	2,115
Sanitation	54,889
Culture and recreation	<u>7,436</u>
Total Depreciation	<u>\$2,764,803</u>

Discrete Component Unit	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Capital assets, not being depreciated</b>					
Land	\$ 1,686,162	\$ 0	\$ 0	\$ 0	\$ 1,686,162
Construction in progress	<u>747,802</u>	<u>325,849</u>	<u>0</u>	<u>(400,734)</u>	<u>672,917</u>
Total capital assets, not being depreciated	<u>2,433,964</u>	<u>325,849</u>	<u>0</u>	<u>(400,734)</u>	<u>2,359,079</u>
<b>Capital assets, being depreciated</b>					
Buildings	10,416,440	826,046	0	400,734	11,643,220
Dwelling equipment	297,172	0	0	0	297,172
Administrative equipment	<u>308,805</u>	<u>65,539</u>	<u>0</u>	<u>0</u>	<u>374,344</u>
Total capital assets, being depreciated	<u>11,022,417</u>	<u>891,585</u>	<u>0</u>	<u>400,734</u>	<u>12,314,736</u>
Less: accumulated depreciation for:					
Buildings	(5,814,242)	(208,605)	0	0	(6,022,847)
Dwelling equipment	(297,172)	(0)	0	0	(297,172)
Administrative equipment	<u>(282,909)</u>	<u>(35,472)</u>	<u>0</u>	<u>0</u>	<u>(318,381)</u>
Total accumulated depreciation	<u>(6,394,323)</u>	<u>(244,077)</u>	<u>0</u>	<u>0</u>	<u>(6,638,400)</u>
Total capital assets, net of depreciation	<u>4,628,094</u>	<u>647,508</u>	<u>0</u>	<u>0</u>	<u>5,676,336</u>
Net capital assets	<u>\$ 7,062,058</u>	<u>\$ 973,357</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,035,415</u>

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2011, totaled \$244,075.

STATE OF NEW MEXICO  
CITY OF GALLUP  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Internal Balances**

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as "due from other funds" or "due to other funds" on the balance sheet. Receivables and payables from inter-fund transactions are usually the result of cash overdrafts. Below are inter-fund balances as of June 30, 2011.

**Governmental Activities**

Due to General Fund from		
Non Major Special Revenue Funds	\$	10,000
Non Major Capital Project Funds		50,000
Due to the Environmental Surcharge Special Revenue Fund from		
Non Major Capital Project Funds		1,630,000
Due to the Infrastructure GRT Capital Project Fund from		
Non Major Special Revenue Funds		65,000
Non Major Capital Project Funds		<u>220,000</u>
		<u>\$1,975,000</u>

As of June 30, 2011, the Authority's Homelessness Prevention Enterprise Fund had a "due to other funds" balance of \$7,415. The balance was reported as "due from other funds" in the Public Housing Enterprise Fund.

Net operating transfers are as follows:

	Transfer In	Transfer Out	Transfer Purpose
<b>MAJOR FUNDS</b>			
Governmental Activities			
General Fund	\$ 2,066,408	\$ 5,094,809	Operating subsidies, debt service, and capital project transfers
Environmental Surcharge	0	228,388	
NM Finance Authority Loans	3,854,223	484,118	Debt service
02/11 Sales Tax Revenue Bonds	<u>12,000,000</u>	<u>0</u>	Debt service
	17,920,631	5,807,315	
Business-type Activities			
Joint Utilities	<u>0</u>	<u>1,946,479</u>	Operating subsidy and debt service
<b>TOTAL MAJOR FUNDS</b>	<u>17,920,631</u>	<u>7,753,794</u>	
<b>NON-MAJOR FUNDS</b>			
Governmental Activities			
	6,876,137	16,723,045	Operating subsidies, debt service, and capital project transfers
Business-type Activities			
	<u>0</u>	<u>319,929</u>	Operating subsidies
<b>TOTAL NON-MAJOR FUNDS</b>	<u>6,876,137</u>	<u>17,042,974</u>	
<b>TOTAL FUNDS</b>	<u>\$24,796,768</u>	<u>\$24,796,768</u>	

**E. Leases**

*Operating Leases*

The City leases office equipment, machinery, golf carts, and a fire truck under short-term cancelable operating leases. Rental expenses for the year ended June 30, 2011 was \$622,176.



STATE OF NEW MEXICO  
CITY OF GALLUP  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term Liabilities**

*Landfill Closure Costs*

State and Federal laws and regulations required that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. In addition to operating expenditures related to current activities of the landfill, an expenditure provision and related liability are being recognized based on the future post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. As of June 30, 2011, the landfill is closed and post-closure monitoring activities were taking place. The Solid Waste Enterprise Fund accounts for the landfill post-closure care costs and had accrued \$300,000 as of year-end, which is 100% of the capacity consumed at that date. The City does not foresee changes in technology, inflation or environmental standards that would result in significant modification to our estimate. The primary source of repayment is from Gross Receipts Tax.

*General Obligation Bonds*

The City issued general obligation bonds to refund \$3,520,000 of Series 2004 general obligation bonds. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in February 2011 was \$3,630,000 with interest rates ranging from 2.0% to 4.0%.

*General Obligation Bonds (Continued)*

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds are twenty (20) year serial bonds with equal amounts of principal maturing each year. Principal is paid annually each August and interest is paid semiannually each February and August. Payments range from \$3,400 to \$638,650. General obligation bonds currently outstanding are as follows:

Year	Principal	Interest
2012	\$ 525,000	\$ 80,591
2013	540,000	75,800
2014	565,000	64,750
2015	590,000	53,200
2016	615,000	38,075
2017 - 2021	<u>795,000</u>	<u>79,325</u>
	<u>\$3,630,000</u>	<u>\$ 391,741</u>

*Sales Tax Revenue Bonds*

The City also issues bonds where the City pledges income from the receipt of sales tax revenue (Gross Receipts Tax). Sales tax bonds have been issued for governmental activities. The original amount of sales tax bonds issued in prior years was \$24,915,000. These bonds provided funds for the construction of many City capital improvements. The City pledges an intercept of gross receipts tax (GRT) revenues for these bonds, which have varying interest rates that range from 3.0% to 5.2%.

Sales tax revenue bonds outstanding at year-end are as follows:

	Amount	Maturity Date
February 2004		
Capital Projects	\$ 9,185,000	June 1, 2024
Capital Projects	<u>2,840,000</u>	June 1, 2025
	<u>12,025,000</u>	
June 2010		
Infrastructure	2,960,000	June 1, 2016
Infrastructure	<u>11,490,000</u>	June 1, 2030
	<u>14,450,000</u>	
	<u>\$26,475,000</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term Liabilities (Continued)**

Annual debt service requirements to maturity for all capital project sales tax revenue bonds are as follows:

Year	Principal	Interest
2012	\$ 850,000	\$ 545,077
2013	885,000	508,477
2014	745,000	468,140
2015	785,000	432,008
2016	820,000	394,700
2017-2021	4,630,000	1,452,300
2022-2025	<u>3,310,000</u>	<u>336,500</u>
	<u>\$12,025,000</u>	<u>\$4,137,202</u>

Annual debt service requirements to maturity for all infrastructure sales tax revenue bonds are as follows:

Year	Principal	Interest
2012	\$ 955,000	\$ 594,783
2013	985,000	563,833
2014	1,030,000	525,983
2015	1,070,000	480,382
2016	1,110,000	432,982
2017-2021	2,755,000	1,691,187
2022-2026	3,340,000	1,111,069
2027-2030	<u>3,205,000</u>	<u>358,094</u>
	<u>\$14,450,000</u>	<u>\$5,758,313</u>

*Revenue Bonds*

The City also issues bonds where the City pledges income derived from the net revenues from the operations of the municipal joint water and sewer distribution systems. Revenue bonds have been issued for business type activities. The original amount of revenue bonds issued in prior years was \$28,720,000. These bonds provided funds for the completion of many capital improvement projects for the City's water and wastewater distribution systems. Interest rates on bonds range between 3.0% and 4.5%.

Revenue bonds outstanding at year-end are as follows:

	Amount	Maturity Date
March 2004		
Capital Projects	\$ 2,310,000	June 1, 2023
January 2005		
Capital Projects	<u>17,985,000</u>	June 1, 2025
	<u>\$20,295,000</u>	

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest
2012	\$ 1,250,000	\$ 923,034
2013	1,290,000	877,119
2014	1,345,000	826,639
2015	1,400,000	773,581
2016	1,450,000	718,106
2017-2021	7,915,000	2,476,036
2022-2025	<u>5,645,000</u>	<u>684,978</u>
	<u>\$20,295,000</u>	<u>\$7,279,493</u>

STATE OF NEW MEXICO  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term Liabilities (Continued)**

*Capital Loans*

The City has also issued low interest rate loans provided by intergovernmental agencies for the acquisition of minor equipment needs and construction of major capital facilities. Capital loans were issued for both governmental and business-type activities. The original amount of capital loans issued in prior years was \$6,639,605.

The City obtained a loan from the New Mexico Finance Authority in June 2007 to construct a west side fire station. The original loan amount was \$1,452,605 with interest rates ranging from 3.40% to 3.86%. The term of the loan is fifteen (15) years with payments commencing November 2008. Principal is paid annually each May and interest is paid semiannually each November and May. Payments range from \$2,829 to \$140,541.

Debt service requirements to maturity of this loan are as follows:

Year	Principal	Interest
2012	\$ 89,913	\$ 53,338
2013	93,329	49,930
2014	96,894	46,375
2015	100,624	42,654
2016	104,528	38,760
2017-2021	588,172	128,431
2022-2023	<u>269,998</u>	<u>16,730</u>
	<u>\$1,343,458</u>	<u>\$376,218</u>

The Joint Utilities Fund received a loan of \$5,187,000 from the New Mexico Environment Department in September 1999. These funds secured the construction of a new lift station and substantial wastewater plant. The loan closed on January 31, 2003, with the City's first payment due December 13, 2003. Pledged wastewater revenues after payment of operation and maintenance expenses will repay the loan over a fifteen (15) year period, at an interest rate of 3.0%. Annual payments total \$434,497. Debt service requirements to maturity of this loan are as follows:

Year	Principal	Interest
2012	\$ 353,286	\$ 81,211
2013	363,885	70,613
2014	374,801	59,696
2015	386,045	48,452
2016	397,627	36,871
2017-2018	<u>831,397</u>	<u>37,597</u>
	<u>\$2,707,041</u>	<u>\$ 334,440</u>

STATE OF NEW MEXICO  
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**NOTE 4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term Liabilities (Continued)**

*Changes in Long-Term Liabilities*

In prior years, unamortized bond premiums were classified as other assets. The City has reclassified these amounts as a part of long-term liabilities (debt). Long-term liability activity for the year ended June 30, 2011 follows:

	Outstanding 07/01/10	Additions	Reductions	Outstanding 06/30/11	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds	\$ 4,645,000	\$ 3,630,000	\$ 4,645,000	\$ 3,630,000	\$ 525,000
Sales tax revenue bonds	28,270,000	0	1,795,000	26,475,000	1,805,000
Capital loans	1,430,088	0	86,630	1,343,458	89,913
Bond premiums	508,021	53,806	53,941	507,886	0
Compensated absences	781,423	5,987	0	787,410	0
Claims and judgments	1,075,109	4,309	73,388	1,006,030	0
Total Governmental Activities	<u>36,709,641</u>	<u>3,694,102</u>	<u>6,653,959</u>	<u>33,749,784</u>	<u>2,419,913</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Landfill closure	320,000	0	20,000	300,000	0
Revenue bonds	21,505,000	0	1,210,000	20,295,000	1,250,000
Capital loans	3,050,037	0	342,996	2,707,041	353,286
Bond premiums	428,630	0	30,518	398,112	0
Compensated absences	203,902	2,023	0	205,925	0
Total Business-type Activities	<u>25,507,569</u>	<u>2,023</u>	<u>1,603,514</u>	<u>23,906,078</u>	<u>1,603,286</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 62,217,210</u>	<u>\$ 3,696,125</u>	<u>\$ 8,257,473</u>	<u>\$ 57,655,862</u>	<u>\$ 4,023,199</u>

In prior years, the General Fund typically liquidated long-term liabilities other than debt.

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. The liability related to compensated absences included increases (additions) of \$860 and decreases (deletions) of \$51,809 resulting in a net decrease of \$50,949 (\$59,233 at June 30, 2009 to \$60,204 at June 30, 2010) during the year ended June 30, 2011. The amount of this liability due within one year is \$534.

**G. Restricted Assets**

The balances of the restricted cash and cash equivalents are as follows:

<b>Business-type Activities</b>	
Restricted for meter deposits	\$ 937,233
Restricted for debt service	4,682,636
Restricted for construction	<u>8,509,887</u>
Total Primary Government	<u>\$14,129,756</u>

**NOTE 5. OTHER INFORMATION**

**A. 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; and natural disasters for which the City carries commercial insurance. The City established a limited risk management program for workers' compensation in Fiscal Year 1988. A New Mexico Self Insurers' Fund is the third party administrator of this program. Premiums are paid into the Risk Management Internal Service fund by all other funds and are available to pay claims, claims reserves and administrative costs of the program. Net assets are designated to cover claims that have been incurred but not reported. In fiscal year 2011 net assets increased by \$415,020.

STATE OF NEW MEXICO  
CITY OF GALLUP  
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**NOTE 5. OTHER INFORMATION (CONTINUED)**

The City self-insures its workers' compensation liability with risk retention of \$250,000 per accident with a fund's specific limit of insurance being \$1,750,000. The City is required to maintain a fund to ensure that income in this special fund is sufficient during the fiscal year to cover its obligations for future claims and costs for this policy period. These obligations may be calculated as the reserves and IBNR within the City's specific and aggregate retentions as reflected in the funds monthly reports to the City, plus any outstanding amounts due to the fund herein, less the loss fund deposit.

Changes in the Internal Service Fund's workers' compensation claims were as follows:

Beginning of year balance	\$ 1,075,109
Claims and estimates incurred	(73,388)
Payments on claims	<u>4,309</u>
End of year balance	<u>\$1,006,030</u>

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the city expects such amounts, if any, to be immaterial.

The City was a defendant in various claims and lawsuits at June 30, 2011. Although the outcome of these suits and claims is not presently determinable, it is the opinion of legal counsel that all claims were within insurance policy limits or risk management provisions.

The City of Gallup adopted ordinance no. S95-3, wherein the City incurs a special limited obligation, in conjunction with Cibola County, Village of Milan, City of Grants and McKinley County, to pay a principal amount not to exceed \$8,250,000, together with interest thereon, for the purpose of defraying the cost of acquiring and constructing a solid waste disposal facility as a member of the Northwest New Mexico Regional Solid Waste Authority.

The obligation is payable first from "tipping fees" generated by the New Mexico Regional Solid Waste Authority. Secondly, the City and other members, pursuant to the agreements, have pledged their environmental gross receipts tax revenues. Additionally, the Governmental units grant a security interest therein for the payment of the principal of, premium, if any, and interest on, and any other, amounts due under the loan, subject to the uses thereof permitted by, and the priorities set forth in this ordinance. The loan constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the pledged revenues as set forth herein and therein. The City and other members have agreed to jointly exercise common powers and contributions in proportion to the percentage of the total environmental gross receipts tax contributed by each entity. This results in the following percentages:

City of Gallup	37%
City of Grants	12%
Village of Milan	3%
Cibola County	10%
McKinley County	<u>38%</u>
	<u>100%</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

**NOTE 5. OTHER INFORMATION (CONTINUED)**

**C. Segment Information – Enterprise Funds**

The City issues revenue bonds to finance its water and wastewater departments. The two departments are accounted for in the Joint Utilities Fund, along with the electric department. Investors in those bonds rely solely on the revenue generated by the individual activities for repayment. The Water Department operates the City's water supply system. The Wastewater Department operates the City's sewage treatment plant, sewage pumping stations, and collection systems. Summary financial information is presented below.

	WASTEWATER	WATER
<b>CONDENSED STATEMENT OF NET ASSETS</b>		
<b>ASSETS</b>		
Current assets	\$ 6,734,700	\$ 14,501,820
Capital assets	9,993,155	36,116,797
Non-current assets	<u>62,190</u>	<u>77,401</u>
Total Assets	<u>\$ 16,715,799</u>	<u>\$ 50,576,030</u>
<b>LIABILITIES</b>		
Current liabilities	218,138	198,668
Payable from restricted	97,269	169,728
Non-current liabilities	<u>13,963,266</u>	<u>9,468,631</u>
Total Liabilities	<u>14,278,673</u>	<u>9,837,027</u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	(3,793,886)	26,901,797
Unrestricted	<u>6,231,012</u>	<u>13,837,206</u>
Total Net Assets	<u>2,437,126</u>	<u>40,739,003</u>
Total Liabilities and Net Assets	<u>\$ 16,715,799</u>	<u>\$ 50,576,030</u>

**C. Segment Information – Enterprise Funds**

	WASTEWATER	WATER
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS</b>		
Operating revenues	\$ 3,247,977	\$ 5,597,705
Personnel services	176,127	656,455
Operating expenses	1,750,232	2,588,228
Depreciation expense	<u>1,005,599</u>	<u>1,148,313</u>
Net Operating Income (Loss)	2,931,958	4,392,996
<b>Non Operating Revenues (Expenses)</b>		
Interest income	35,184	33,411
Amortization expense	8,698	10,587
Interest expense	(622,702)	(432,623)
Transfers from (to) other funds	<u>105,719</u>	<u>(767,011)</u>
Change in Net Assets	(473,101)	(1,155,636)
Beginning Net Assets	<u>2,594,208</u>	<u>40,689,930</u>
Ending Net Assets	<u>\$ 2,437,126</u>	<u>\$ 40,739,003</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net cash provided by (used for):		
Operating activities	\$ 1,404,661	\$ 4,017,677
Non-capital financing activities	105,719	(767,011)
Investing activities	35,184	33,411
Capital financing activities	<u>(1,418,489)</u>	<u>(5,459,437)</u>
Net increase (decrease) in cash and cash equivalents	127,075	(2,175,360)
Beginning cash and cash equivalents	<u>6,084,154</u>	<u>15,803,424</u>
Ending cash and cash equivalents	<u>\$ 6,211,229</u>	<u>\$ 13,628,064</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

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**NOTE 5. OTHER INFORMATION (CONTINUED)**

**D. PERA Pension Plan**

Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. To obtain a copy of this report, contact PERA directly. PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Chapter 10, Article 11 NMSA 1978 establishes the City's contribution requirements of plan members. State statute requires the City to contribute 21.25% of a firefighter's salary, 18.50% of a police officer's salary, 16.65% of an adult detention officer's salary, and 9.15% of a regular employee's salary. These statutes also require that plan members who are police officers contribute 16.30% of their gross salary, fire fighters contribute 16.20%, adult detention officers contribute 16.65%, and regular employees contribute 13.15%. However, the City is has elected to adopt the 75% pick-up provision allowed by state statute thereby reducing all employee contributions. Percentages are as follows:

	City Pickup	Employee	Total
Firefighters	12.00%	4.20%	16.20%
Police officers	12.00%	4.30%	16.30%
Regular	9.86%	3.29%	13.15%

The state legislature may amend contribution requirements specified under the statute. . All amounts expended were equal to the required contribution amounts for each year. The City's contributions to PERA for the years ending 2011, 2010, and 2009 are as follows:

	FY 2011	FY 2010	FY 2009
Firefighters	\$ 734,192	\$ 648,946	\$ 508,287
Police officers	884,535	829,301	736,749
Regular	<u>1,619,332</u>	<u>1,626,745</u>	<u>1,580,769</u>
TOTAL GOVERNMENT	<u>\$3,238,059</u>	<u>\$3,104,992</u>	<u>\$2,825,805</u>

**E. Post Employment Benefits**

*PLAN DESCRIPTION:* The Retiree Health Care Act (the "Act") (10-7C-1 to 10-7C-16 NMSA 1978) provides comprehensive core group health insurance for persons who have retired from selected public services in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, surviving spouses, and surviving dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees. Funding flows to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, State Agencies, State Courts, Magistrate Courts, Municipalities or Counties, which are affiliated under or covered by the Educational Retirement Act (ERA), the Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act. Eligible retirees are (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

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**NOTE 5. OTHER INFORMATION (CONTINUED)**

**E. Post Employment Benefits (continued)**

*FUNDING POLICY:* Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount equal to 0.65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage. Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstance, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

*ANNUAL COST:* During the fiscal year ended June 30, 2011, the City remitted \$260,709 in employer contributions to the Retiree Health Care Authority. The City's annual cost, for the preceding two years were \$172,350 and \$159,289, respectively.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. A copy of the report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

**F. Retirement Plan**

The City provides two (2) optional deferred compensation 457 plans. These plans were created in accordance with IRC Section 457. The plans are available to any City employee. Nationwide Retirement Solutions, Inc. and International City/County Managers Association (ICMA) Retirement Corporation administer the individual plans. Employee contributions totaled \$175,643 (\$167,543 Nationwide and \$8,100 ICMA) for the year ending June 30, 2011.

**G. Labor Unions**

The City has three (3) labor unions: United Mine Workers of America (UMWA), Gallup Police Officers Association, and Gallup Firefighters Union. The UMWA agreement is in effect until January 12, 2012. Employees covered under this plan are non-probationary labors, as specified in the contract. The Police agreement is in effect until November 26, 2011. Employees covered under this plan include non-probationary uniformed police officers up to the rank of sergeant. The Firefighters collective bargaining agreement terminates on October 13, 2012. Employees covered under this plan include non-probationary firefighters up to the rank of battalion commanders.

Copies of each collective bargaining agreement can be obtained from the City of Gallup Human Resources Department, P.O. Box 1270, Gallup, NM 87305.



STATE OF NEW MEXICO  
CITY OF GALLUP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

**NOTE 6. Governmental Fund Balance**

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

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

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

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

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

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

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

Detail relating to the fund balance classifications is displayed below:

Governmental Activities	General Fund	Environmental Surcharge Fund	NM Finance Authority Funds	Major Capital Project Funds	Non Major Governmental Funds
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventory	\$ 378,883	\$ 0	\$ 0	\$ 0	\$ 0
<b>Restricted for:</b>					
Environmental Surcharge	0	9,909,270	0	0	0
Public Safety	0	0	0	0	441,694
Cultural and Recreational	0	0	0	0	134,224
Lodger's Taxes	0	0	0	0	1,004,986
Public Works	0	0	0	0	110,722
Facilities Construction	0	0	0	0	118,714
Capital Projects	0	0	0	10,155,656	3,859,971
Debt Service	0	0	134,275	0	926,382
Assigned	297,526			1,856,079	1,205,848
Unassigned	7,546,396	0	0	0	(171,079)
Net Receivables	<u>\$8,222,805</u>	<u>\$9,909,270</u>	<u>\$ 134,275</u>	<u>\$12,011,735</u>	<u>\$7,631,462</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NON MAJOR GOVERNMENTAL FUNDS

### *SPECIAL REVENUE FUNDS*

*Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a specific purpose*

Correction Fees Fund accounts for a \$10 fee imposed upon conviction of an individual as stipulated under Section 35-14-11 NMSA 1978. The funds collected are restricted to use in the operation of the City's jail facilities.

Emergency Medical Service (EMS) Fund accounts for funds made available to municipalities in proportion to their needs for use in the establishment of emergency medical services in order to reduce injury and loss of life under Section 24-10A and 24-10B NMSA 1978. These funds are to be spent on the training of personnel and non-administrative expenditures involved in providing this service.

Fire Protection Fund accounts for the accumulation of resources from the State's Fire Protection Fund. These funds are to be used for the operation, maintenance, and betterment of local fire districts under Section 59A-53-1 to 59A-53-17 NMSA 1978.

Law Enforcement Protection Fund accounts for the accumulation of resources received from the City's equitable distribution of funds to municipal police under Section 29-13 NMSA 1978. The funds are for the use in the maintenance and improvement of the police department in order to enhance their effectiveness.

Special Library Fund accounts for the accumulation of resources received from the New Mexico State Grant in Aid. Under Chapter 59 of the laws of 1981 and the New Mexico State Library Rule 81-2 funds are limited to the purchase of books and other non-administrative purchases for the library.

Lodgers' Tax Fund accounts for the resources from the lodgers' tax levied by the City under Sections 3-38-13 to 3-38-24 NMSA 1978. The occupancy tax is imposed and collected on certain revenues of lodging establishments. The funds may be used for tourist related facilities, advertising, promotions, collecting and administering the tax, and various other uses as cited in the state law.

Municipal Gas Tax Fund accounts for resources received from the one-cent gasoline tax imposed by Section 7-1-6.27 NMSA 1978. The funds are to be used for the reconstruction, resurfacing, maintaining and repairing, or otherwise improvement of existing or new alleys, streets, roads, or bridges.

Juvenile Recreation Fund accounts for the accumulation of resources from the City's distribution of the State's one-cent cigarette tax. These funds are to be spent on the operation of recreation facilities, including salaries of instructors and other employees within the guidelines set forth on disposition of revenues collected under the authority of the laws of the State of New Mexico (Section 7-12-15- NMSA 1978).

Intergovernmental Grants Fund accounts for the resources from various City governmental grants. These funds are to be spent on expenditures outlined in the grant awards (Resolution R2002-10).

Senior Citizens Fund accounts for the resources from the New Mexico Area Agency on Aging. The funds are to be spent on expenditures associated with the operation of the City's Senior Citizen Centers (Resolution R2002-10).

Na'Nizhoozhi (NCI) Fund was established by the City (Resolution R2002-10) to account for pass-through funds from the Department of Health and Human Services. These funds are intended for use by Na' Nizhoozhi Center to provide Native American Residential Treatments and Aftercare Expansion.

Community Development Block Grant Fund accounts for the accumulation of resources received from the U.S. Department of Housing and Urban Development (Federal CFDA 14.859). These funds are a part of the comprehensive housing program of rehabilitation and new construction (Resolution R2002-10).

## NON MAJOR GOVERNMENTAL FUNDS

### *SPECIAL REVENUE FUNDS (CONTINUED)*

The Business Improvement District Fund accounts for the accumulation of resources received from a property owner assessment. These funds are to be spent on improvements in the Downtown area.

### *DEBT SERVICE FUNDS*

*Debt service funds are used to account for the accumulation of resources and payment of principal and interest on the City's general bonded debt*

The 02/04 Sales Tax Revenue Bond Fund accounts for the accumulation of resources for and the payment of, principal and interest of sales tax revenue bonds issued February 9, 2004. The resources of this fund are generated by the City's share of the gross receipts tax and lodgers' tax.

The 11/00 Sales Tax Revenue Bonds Debt Service Fund accounts for the accumulation of resources for and the payment of, principal and interest of sales tax revenue bonds issued November 1, 2000. The resources of this fund are generated by the City's share of the gross receipts tax.

The 06/10 Sales Tax Revenue Bonds Debt Service Fund accounts for the accumulation of resources for and the payment of principal and interest of sales tax revenue bonds issued June 30, 2010. The resources of this fund are generated by the City's ¼% gross receipts tax dedicated for infrastructure.

The New Mexico Finance Authority Loans Fund accounts for the accumulation of resources for and the payment of, principal and interest of a restricted loan used for the purchase of two fire trucks. The repayment source is generated by the City's share of the State's Fire Fund. It also accounts for the accumulation of resources and the payment of interest of restricted loans used for the purchase of equipment and for construction of capital projects around the City. The repayment source is generated by the City's gross receipts tax share.

### *CAPITAL PROJECTS FUNDS*

*Capital project funds are used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds*

The Airport Fund accounts for the financial resources for the construction of taxiway facilities and the improvements on runways. Resources are provided by the U.S. Department of Transportation and grants from the State of New Mexico.

The Infrastructure GRT Fund accounts for the financial resources received from the 1/12% GRT imposed for infrastructure.

The ¼% Infrastructure GRT Fund accounts for the financial resources received from the last ¼% GRT increment that is dedicated to infrastructure projects.

The 11/00 Sales Tax Revenue Bonds Fund accounts for financial resources to be used for various City infrastructure projects that were received from the issuance of the November 2003 Sales Tax Revenue Bonds. Projects will total \$7,260,000.

The Legislative Appropriations Fund accounts for the financial resources received from the State of New Mexico. Resources are restricted by project. Funds are received on a cost reimbursement basis, once the City completes the project.

## NON MAJOR GOVERNMENTAL FUNDS

### *CAPITAL PROJECTS FUNDS (CONTINUED)*

The General Obligation Bonds Fund accounts for the financial resources provided by the NMFA loan that refunded the December 2003 general obligation bonds. Proceeds will be used to build a new fire station, for sidewalk improvements, and for various recreational projects totaling \$6,715,000.

The 02/04 Sales Nontax Revenue Bond Fund accounts for the financial resources provided by the February 2004 Sales Tax Bonds. Proceeds are to be used for the reconstruction of the Downtown Plaza and for public art work. These projects will total \$1,422,514 and represent the non-taxable portion of the bond proceeds.

The 02/04 Sales Tax Revenue Bond Fund accounts for the financial resources provided by the February 2004 Sales Tax Bonds. Proceeds are to be used to refund the 1997 and 1999 issues and for the construction of a new aquatic center, for the installation of field turf on two (2) baseball fields, for various street improvements, for condemnation and urban renewal, and for various recreational projects, which total \$12,295,985. This fund accumulates the costs of the capital projects that will be funded from the taxable portion of the bond proceeds.

The Public Works Fund accounts for the financial resources for various capital construction projects. Transfers from various funds and grants from the State of New Mexico provide resources for the construction projects.

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Correction Fees	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Special Library	Lodgers' Tax
<b>ASSETS</b>						
Cash and cash equivalents	\$ 71,543	\$ 1,073	\$ 24,730	\$ 140	\$ 45,126	\$ 170,780
Investments	150,000	-	250,000	-	-	554,446
Accounts receivable, net	-	-	-	-	46,265	310,580
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	<u>\$ 221,543</u>	<u>\$ 1,073</u>	<u>\$ 274,730</u>	<u>\$ 140</u>	<u>\$ 91,391</u>	<u>\$ 1,035,806</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 27,866	\$ -	\$ 3,673	\$ 6,820
Accrued wages and taxes	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Payable from restricted	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>27,866</u>	<u>-</u>	<u>3,673</u>	<u>6,820</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Assigned	-	60	27,866	-	-	24,000
Unassigned	-	-	-	-	-	-
Restricted for:						
Special revenue funds	221,543	1,013	218,998	140	87,718	1,004,986
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total Fund Balances	<u>221,543</u>	<u>1,073</u>	<u>246,864</u>	<u>140</u>	<u>87,718</u>	<u>1,028,986</u>
Total Liabilities and Fund Balances	<u>\$ 221,543</u>	<u>\$ 1,073</u>	<u>\$ 274,730</u>	<u>\$ 140</u>	<u>\$ 91,391</u>	<u>\$ 1,035,806</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Municipal Gas Tax	Juvenile Recreation	Intergovern- mental Grants	Senior Citizens	Community Development Block Grant	Business Improvement District
<b>ASSETS</b>						
Cash and cash equivalents	\$ 155,925	\$ 46,506	\$ 8,229	\$ 7,827	\$ 194,524	\$ 169
Investments	-	-	-	-	-	-
Accounts receivable, net	236,881	-	4,798	43,295	2,287	-
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	<u>\$ 392,806</u>	<u>\$ 46,506</u>	<u>\$ 13,027</u>	<u>\$ 51,122</u>	<u>\$ 196,811</u>	<u>\$ 169</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 3,761	\$ -	\$ 78	\$ 3,072	\$ 22,555	\$ 11,902
Accrued wages and taxes	40,443	-	-	21,002	-	-
Due to other funds	-	-	10,000	65,000	-	-
Deferred revenue	54,031	-	-	-	-	-
Payable from restricted	-	-	-	-	-	-
Total Liabilities	<u>98,235</u>	<u>-</u>	<u>10,078</u>	<u>89,074</u>	<u>22,555</u>	<u>11,902</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Assigned	183,849	-	109,448	1,800	55,542	-
Unassigned	-	-	(106,499)	(39,752)	-	(11,733)
Restricted for:						
Special revenue funds	110,722	46,506	-	-	118,714	-
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total Fund Balances	<u>294,571</u>	<u>46,506</u>	<u>2,949</u>	<u>(37,952)</u>	<u>174,256</u>	<u>(11,733)</u>
Total Liabilities and Fund Balances	<u>\$ 392,806</u>	<u>\$ 46,506</u>	<u>\$ 13,027</u>	<u>\$ 51,122</u>	<u>\$ 196,811</u>	<u>\$ 169</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2011

	<u>DEBT SERVICE FUNDS</u>				
	Subtotal	02/04 Sales	06/10 Sales	02/11 General	Subtotal
	Special Revenue Funds	Tax Revenue Bonds	Tax Revenue Bonds	Obligation Bonds	Debt Service Funds
ASSETS					
Cash and cash equivalents	\$ 726,572	\$ 76,920	\$ 92,366	\$ 22,888	\$ 192,174
Investments	954,446	-	-	700,000	700,000
Accounts receivable, net	644,106	-	-	98,874	98,874
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 2,325,124</u>	<u>\$ 76,920</u>	<u>\$ 92,366</u>	<u>\$ 821,762</u>	<u>\$ 991,048</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	79,727	\$ -	\$ -	\$ -	\$ -
Accrued wages and taxes	61,445	-	-	-	-
Due to other funds	75,000	-	-	-	-
Deferred revenue	54,031	-	-	64,666	64,666
Payable from restricted	-	-	-	-	-
Total Liabilities	<u>270,203</u>	<u>-</u>	<u>-</u>	<u>64,666</u>	<u>64,666</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Assigned	402,565	-	-	-	-
Unassigned	(157,984)	-	-	-	-
Restricted for:					
Special revenue funds	1,810,340	-	-	-	-
Debt service funds	-	76,920	92,366	757,096	926,382
Capital projects funds	-	-	-	-	-
Total Fund Balances	<u>2,054,921</u>	<u>76,920</u>	<u>92,366</u>	<u>757,096</u>	<u>926,382</u>
Total Liabilities and Fund Balances	<u>\$ 2,325,124</u>	<u>\$ 76,920</u>	<u>\$ 92,366</u>	<u>\$ 821,762</u>	<u>\$ 991,048</u>



STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2011

CAPITAL PROJECT FUNDS

	Infrastruc- ture GRT	1/4% Infra- structure GRT	11/00 Sales Tax Revenue Bonds	Legislative Appropriations	02/11 General Obligation Bonds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,095	\$ 35,966	\$ 135,649	\$ 11,909	\$ 11,420
Investments	1,647,833	2,104,013	100,000	-	50,000
Accounts receivable, net	-	-	-	53,952	-
Due from other funds	285,000	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 1,968,928</u>	<u>\$ 2,139,979</u>	<u>\$ 235,649</u>	<u>\$ 65,861</u>	<u>\$ 61,420</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and taxes	-	-	-	-	-
Due to other funds	-	-	-	50,000	-
Deferred revenue	-	-	-	-	-
Payable from restricted	-	-	-	-	-
Total Liabilities	-	-	-	50,000	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Assigned	466,101	226,120	-	28,956	3,080
Unassigned	-	-	-	(13,095)	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	1,502,827	1,913,859	235,649	-	58,340
Total Fund Balances	<u>1,968,928</u>	<u>2,139,979</u>	<u>235,649</u>	<u>15,861</u>	<u>61,420</u>
Total Liabilities and Fund Balances	<u>\$ 1,968,928</u>	<u>\$ 2,139,979</u>	<u>\$ 235,649</u>	<u>\$ 65,861</u>	<u>\$ 61,420</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2011

	CAPITAL PROJECT FUNDS			Total
	02/04 Sales NonTax	02/04 Sales Tax	Subtotal Capital Project	Non Major Governmental
	Revenue Bonds	Revenue Bonds	Funds	Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,131	\$ 51,679	\$ 459,361	\$ 1,378,107
Investments	-	-	3,901,846	5,556,292
Accounts receivable, net	-	-	53,952	796,932
Due from other funds	-	-	285,000	285,000
Inventories	-	-	-	-
Total Assets	<u>\$ 13,131</u>	<u>\$ 51,679</u>	<u>\$ 4,700,159</u>	<u>\$ 8,016,331</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	79,727
Accrued wages and taxes	-	-	-	61,445
Due to other funds	-	-	50,000	125,000
Deferred revenue	-	-	-	118,697
Payable from restricted	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>384,869</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Assigned	-	-	803,283	1,205,848
	-	-	(13,095)	(171,079)
Restricted for:				
Special revenue funds	-	-	-	1,810,340
Debt service funds	-	-	-	926,382
Capital projects funds	<u>13,131</u>	<u>51,679</u>	<u>3,859,971</u>	<u>3,859,971</u>
Total Fund Balances	<u>13,131</u>	<u>51,679</u>	<u>4,650,159</u>	<u>7,631,462</u>
Total Liabilities and Fund Balances	<u>\$ 13,131</u>	<u>\$ 51,679</u>	<u>\$ 4,700,159</u>	<u>\$ 8,016,331</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Correction Fees	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Special Library	Lodgers' Tax
REVENUES						
Intergovernmental income	\$ -	\$ 15,119	\$ 404,342	\$ 64,200	\$ 57,413	\$ -
Taxes	-	-	-	-	-	1,358,092
Operating grant - taxes	-	-	-	-	-	-
Charges for services	148,484	-	-	-	8,302	-
Miscellaneous income	-	-	-	-	-	-
Interest income	4,104	-	3,368	-	-	(7,512)
Total Revenues	<u>152,588</u>	<u>15,119</u>	<u>407,710</u>	<u>64,200</u>	<u>65,715</u>	<u>1,350,580</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	47,087	1,544,427
Public safety	467,969	14,339	53,621	74,892	-	-
Health and welfare	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	-	347,569	4,548	-	-
Total Expenditures	<u>467,969</u>	<u>14,339</u>	<u>401,190</u>	<u>79,440</u>	<u>47,087</u>	<u>1,544,427</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(315,381)</u>	<u>780</u>	<u>6,520</u>	<u>(15,240)</u>	<u>18,628</u>	<u>(193,847)</u>
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(143,163)	-	-	(180,000)
Total Other Financing Sources (Uses)	-	-	(143,163)	-	-	(180,000)
Net Change in Fund Balances	(315,381)	780	(136,643)	(15,240)	18,628	(373,847)
Fund Balance, Beginning of Year	536,924	293	383,507	15,380	69,090	1,402,833
Fund Balance, End of Year	<u>\$ 221,543</u>	<u>\$ 1,073</u>	<u>\$ 246,864</u>	<u>\$ 140</u>	<u>\$ 87,718</u>	<u>\$ 1,028,986</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Municipal Gas Tax	Juvenile Recreation	Intergovern- mental Grants	Senior Citizens	Community Development Block Grant	Business Improvement District
REVENUES						
Intergovernmental income	\$ 34,396	\$ -	\$ 169,815	\$ 411,882	\$ 2,287	\$ 117,373
Taxes	-	-	-	-	-	-
Operating grant - taxes	1,071,055	3	-	-	-	-
Charges for services	-	-	16,000	-	-	121,215
Miscellaneous income	-	-	-	51,063	-	-
Interest income	-	-	-	-	-	-
Total Revenues	<u>1,105,451</u>	<u>3</u>	<u>185,815</u>	<u>462,945</u>	<u>2,287</u>	<u>238,588</u>
EXPENDITURES						
Current:						
General government	-	-	12,000	-	-	-
Culture and recreation	-	5,179	8,632	-	-	-
Public safety	-	-	28,168	-	-	-
Health and welfare	-	-	-	839,057	-	274,667
Public works	2,020,375	-	11,584	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	<u>259,634</u>	<u>-</u>	<u>136,495</u>	<u>154,343</u>	<u>24,842</u>	<u>-</u>
Total Expenditures	<u>2,280,009</u>	<u>5,179</u>	<u>196,879</u>	<u>993,400</u>	<u>24,842</u>	<u>274,667</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,174,558)</u>	<u>(5,176)</u>	<u>(11,064)</u>	<u>(530,455)</u>	<u>(22,555)</u>	<u>(36,079)</u>
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	1,117,210	-	-	400,000	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,117,210</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(57,348)	(5,176)	(11,064)	(130,455)	(22,555)	(36,079)
Fund Balance, Beginning of Year	<u>351,919</u>	<u>51,682</u>	<u>14,013</u>	<u>92,503</u>	<u>196,811</u>	<u>24,346</u>
Fund Balance, End of Year	<u>\$ 294,571</u>	<u>\$ 46,506</u>	<u>\$ 2,949</u>	<u>\$ (37,952)</u>	<u>\$ 174,256</u>	<u>\$ (11,733)</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUNDS				CAPITAL PROJECT	
	Subtotal	02/04 Sales	06/10 Sales	02/11 General	Subtotal	
	Special Revenue	Tax Revenue	Tax Revenue	Obligation	Debt Service	Airport
Funds	Bonds	Bonds	Bonds	Funds		
REVENUES						
Intergovernmental income	\$ 1,276,827	\$ -	\$ -	\$ -	\$ -	\$ 143,094
Taxes	1,358,092	-	-	361,550	361,550	-
Operating grant - taxes	1,071,058	-	-	-	-	-
Charges for services	294,001	-	-	-	-	-
Miscellaneous income	51,063	-	-	-	-	-
Interest income	(40)	1,512	3,951	1,933	7,396	-
Total Revenues	<u>4,051,001</u>	<u>1,512</u>	<u>3,951</u>	<u>363,483</u>	<u>368,946</u>	<u>143,094</u>
EXPENDITURES						
Current:						
General government	12,000	-	-	-	-	-
Culture and recreation	1,605,325	-	-	-	-	-
Public safety	638,989	-	-	-	-	-
Health and welfare	1,113,724	-	-	-	-	-
Public works	2,031,959	-	-	-	-	-
Debt service:						
Principal retirement	-	815,000	980,000	-	1,795,000	-
Bond issue costs	-	-	-	9,445	9,445	-
Interest and other charges	-	578,917	576,150	-	1,155,067	-
Capital outlay	927,431	-	-	-	-	156,808
Total Expenditures	<u>6,329,428</u>	<u>1,393,917</u>	<u>1,556,150</u>	<u>9,445</u>	<u>2,959,512</u>	<u>156,808</u>
Excess (Deficiency) of						
Revenues over Expenditures	<u>(2,278,427)</u>	<u>(1,392,405)</u>	<u>(1,552,199)</u>	<u>354,038</u>	<u>(2,590,566)</u>	<u>(13,714)</u>
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	3,630,000	3,630,000	-
Operating transfers in	1,517,210	1,386,120	1,554,545	484,118	3,424,783	-
Operating transfers out	(323,163)	-	(12,000,000)	(3,711,060)	(15,711,060)	-
Total Other Financing Sources (Uses)	<u>1,194,047</u>	<u>1,386,120</u>	<u>(10,445,455)</u>	<u>403,058</u>	<u>(8,656,277)</u>	<u>-</u>
Net Change in Fund Balances	(1,084,380)	(6,285)	(11,997,654)	757,096	(11,246,843)	(13,714)
Fund Balance, Beginning of Year	<u>3,139,301</u>	<u>83,205</u>	<u>12,090,020</u>	<u>-</u>	<u>12,173,225</u>	<u>177,226</u>
Fund Balance, End of Year	<u>\$ 2,054,921</u>	<u>\$ 76,920</u>	<u>\$ 92,366</u>	<u>\$ 757,096</u>	<u>\$ 926,382</u>	<u>\$ 163,512</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL PROJECT FUNDS

	Infrastruc- ture GRT	1/4% Infra- structure GRT	11/00 Sales Tax Revenue Bonds	Legislative Appropriations	02/11 General Obligation Bonds
REVENUES					
Intergovernmental income	\$ -	\$ -	\$ -	\$ 279,207	\$ -
Taxes	-	-	-	-	-
Operating grant - taxes	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Interest income	(1,565)	(1,395)	7,919	-	921
Total Revenues	<u>(1,565)</u>	<u>(1,395)</u>	<u>7,919</u>	<u>279,207</u>	<u>921</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Public works	33,804	14,471	5,100	222,951	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	96,766	868,543	18,385	-	49,224
Total Expenditures	<u>130,570</u>	<u>883,014</u>	<u>23,485</u>	<u>222,951</u>	<u>49,224</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(132,135)</u>	<u>(884,409)</u>	<u>(15,566)</u>	<u>56,256</u>	<u>(48,303)</u>
OTHER FINANCING SOURCES (USES)					
Bond and loan proceeds	-	-	-	-	-
Operating transfers in	1,760,221	173,923	-	-	-
Operating transfers out	(688,822)	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,071,399</u>	<u>173,923</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	939,264	(710,486)	(15,566)	56,256	(48,303)
Fund Balance, Beginning of Year	<u>1,029,664</u>	<u>2,850,465</u>	<u>251,215</u>	<u>(40,395)</u>	<u>109,723</u>
Fund Balance, End of Year	<u>\$ 1,968,928</u>	<u>\$ 2,139,979</u>	<u>\$ 235,649</u>	<u>\$ 15,861</u>	<u>\$ 61,420</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECT FUNDS			Total
	02/04 Sales		Subtotal	Non Major
	NonTax	02/04 Sales Tax	Capital Project	Governmental
	Revenue Bonds	Revenue Bonds	Funds	Funds
REVENUES				
Intergovernmental income	\$ -	\$ -	\$ 422,301	\$ 1,699,128
Taxes	-	-	-	1,719,642
Operating grant - taxes	-	-	-	1,071,058
Charges for services	-	-	-	294,001
Miscellaneous income	-	-	-	51,063
Interest income	-	-	5,880	13,236
Total Revenues	-	-	428,181	4,848,128
EXPENDITURES				
Current:				
General government	-	-	-	12,000
Culture and recreation	-	-	-	1,605,325
Public safety	-	-	-	638,989
Health and welfare	-	-	-	1,113,724
Public works	-	-	276,326	2,308,285
Debt service:			-	
Principal retirement	-	-	-	1,795,000
Bond issue costs	-	-	-	9,445
Interest and other charges	-	-	-	1,155,067
Capital outlay	3,726	-	1,193,452	2,120,883
Total Expenditures	3,726	-	1,469,778	10,758,718
Excess (Deficiency) of				
Revenues over Expenditures	(3,726)	-	(1,041,597)	(5,910,590)
OTHER FINANCING SOURCES (USES)				
Bond and loan proceeds	-	-	-	3,630,000
Operating transfers in	-	-	1,934,144	6,876,137
Operating transfers out	-	-	(688,822)	(16,723,045)
Total Other Financing Sources (Uses)	-	-	1,245,322	(6,216,908)
Net Change in Fund Balances	(3,726)	-	203,725	(12,127,498)
Fund Balance, Beginning of Year	16,857	51,679	4,446,434	19,758,960
Fund Balance, End of Year	\$ 13,131	\$ 51,679	\$ 4,650,159	\$ 7,631,462

## NON MAJOR PROPRIETARY FUNDS

### *ENTERPRISE FUNDS*

*Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. Unlike other Governmental Funds, depreciation is included in operating expenses.*

The Solid Waste Fund accounts for the operations of the City's refuse system. Activities of the fund include the administration and operation of the system. All costs are financed through user fees.

The Fitness Center Fund accounts for the operations of The Fitness Center Health Club. Activities of the fund include administration, operation, and maintenance of the facility. All costs are financed through membership dues.

The National Junior High Finals Rodeo Fund accounts for the operations of NHJFR. Activities of the fund include administration and operation of the rodeo. All costs are financed through ticket sales and sponsorships.

The Gamerco Billings Fund accounts for the operation of wastewater, water, and solid waste collection services to the residents of the township of Gamerco. Activities of the fund include administration, operation, and maintenance of the distribution system. The fund also accounts for the accumulation of resources for, and the payment of accounts receivable due to the City of Gallup for the Gamerco Water and Sanitation District.



STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENTS OF NET ASSETS  
JUNE 30, 2011

	Solid Waste	The Fitness Center	National Junior High School Finals Rodeo	Gamerco Billings	Total Non Major Proprietary Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 106,237	\$ 5,932	\$ 350,228	\$ 92,508	\$ 554,905
Investments	3,486,914	200,066	-	200,000	3,886,980
Accounts receivable, net	303,822	3,016	725	(467)	307,096
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Total Current Assets	<u>3,896,973</u>	<u>209,014</u>	<u>350,953</u>	<u>292,041</u>	<u>4,748,981</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	-	-	5,642	5,642
Capital assets:					
Land	45,500	21,879	-	-	67,379
Distribution and collections systems	669,290	-	-	-	669,290
Buildings and improvements	48,309	297,449	-	-	345,758
Equipment	3,199,768	6,921	-	-	3,206,689
Less accumulated depreciation	(3,642,989)	(67,377)	-	-	(3,710,366)
Deferred charges	-	-	-	-	-
Total Noncurrent Assets	<u>319,878</u>	<u>258,872</u>	<u>-</u>	<u>5,642</u>	<u>584,392</u>
Total Assets	<u>4,216,851</u>	<u>467,886</u>	<u>350,953</u>	<u>297,683</u>	<u>5,333,373</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	98,045	3,914	11,811	35,839	149,609
Accrued wages and taxes	25,592	6,343	-	-	31,935
Due to other funds	-	-	-	-	-
Deferred revenue	22,005	-	-	-	22,005
Compensated absences	28,519	7,056	-	-	35,575
Claims and judgements	-	-	-	-	-
Loans - current	-	-	-	-	-
Revenue bonds - current	-	-	-	-	-
Payable from restricted assets	-	-	-	5,642	5,642
Accrued interest	-	-	-	-	-
Total Current Liabilities	<u>174,161</u>	<u>17,313</u>	<u>11,811</u>	<u>41,481</u>	<u>244,766</u>
NONCURRENT LIABILITIES					
Landfill closure	300,000	-	-	-	300,000
Loans payable	-	-	-	-	-
Revenue bonds payable (net of unamortized premiums and discounts)	-	-	-	-	-
Total Noncurrent Liabilities	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total Liabilities	<u>474,161</u>	<u>17,313</u>	<u>11,811</u>	<u>41,481</u>	<u>544,766</u>
NET ASSETS					
Investment in capital assets, net of related debt	319,878	258,872	-	-	578,750
Unrestricted	<u>3,422,812</u>	<u>191,701</u>	<u>339,142</u>	<u>256,202</u>	<u>4,209,857</u>
Total Net Assets	<u>\$ 3,742,690</u>	<u>\$ 450,573</u>	<u>\$ 339,142</u>	<u>\$ 256,202</u>	<u>\$ 4,788,607</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	Solid Waste	The Fitness Center	National Junior High School Finals Rodeo	Gamerco Billings	Total Non Major Proprietary Funds
OPERATING REVENUES					
Intergovernmental income	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	432,911	-	-	-	432,911
Operating grants - taxes	-	-	-	-	-
Charges for services	3,043,333	185,283	535,988	389,774	4,154,378
Miscellaneous income	-	289	-	34,101	34,390
Assessments	-	-	-	-	-
Total Operating Revenues	<u>3,476,244</u>	<u>185,572</u>	<u>535,988</u>	<u>423,875</u>	<u>4,621,679</u>
OPERATING EXPENSES					
Personnel services	617,068	148,284	-	-	765,352
Depreciation expense	54,889	7,436	-	-	62,325
Operating expenses	<u>1,908,028</u>	<u>95,272</u>	<u>642,942</u>	<u>550,290</u>	<u>3,196,532</u>
Total Operating Expenses	<u>2,579,985</u>	<u>250,992</u>	<u>642,942</u>	<u>550,290</u>	<u>4,024,209</u>
Operating Income (Loss)	<u>896,259</u>	<u>(65,420)</u>	<u>(106,954)</u>	<u>(126,415)</u>	<u>597,470</u>
NONOPERATING REVENUES (EXPENSES)					
Loss on sale of fixed assets	-	-	-	-	-
Interest income	13,791	(1,810)	(1,407)	3,405	13,979
Bond issue costs	-	-	-	-	-
Interest expense	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>13,791</u>	<u>(1,810)</u>	<u>(1,407)</u>	<u>3,405</u>	<u>13,979</u>
Income (Loss) Before Operating Transfers	<u>910,050</u>	<u>(67,230)</u>	<u>(108,361)</u>	<u>(123,010)</u>	<u>611,449</u>
NET OPERATING TRANSFERS IN (OUT)					
Operating transfers from other funds	-	-	-	-	-
Operating transfers to other funds	<u>(319,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,929)</u>
Net Operating Transfers In (Out)	<u>(319,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,929)</u>
Change in Net Assets	590,121	(67,230)	(108,361)	(123,010)	291,520
Total Net Assets, Beginning of Year	<u>3,152,569</u>	<u>517,803</u>	<u>447,503</u>	<u>379,212</u>	<u>4,497,087</u>
Total Net Assets, End of Year	<u>\$ 3,742,690</u>	<u>\$ 450,573</u>	<u>\$ 339,142</u>	<u>\$ 256,202</u>	<u>\$ 4,788,607</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

	Solid Waste	The Fitness Center	National Junior High School Finals Rodeo	Gamerco Billings	Total Non Major Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 3,500,982	\$ 209,460	\$ 536,123	\$ 432,295	\$ 4,678,860
Cash paid to suppliers for goods and services	(1,930,154)	(93,599)	(656,458)	(514,451)	(3,194,662)
Cash paid to employees for services	(613,295)	(146,063)	-	-	(759,358)
Cash received from other funds for services	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>957,533</u>	<u>(30,202)</u>	<u>(120,335)</u>	<u>(82,156)</u>	<u>724,840</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies (to) from other funds	<u>(319,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(319,929)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earned	<u>13,791</u>	<u>(1,810)</u>	<u>(1,407)</u>	<u>3,405</u>	<u>13,979</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of capital assets	-	-	-	-	-
Acquisition of capital assets	(281,615)	(6,020)	-	-	(287,635)
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(281,615)</u>	<u>(6,020)</u>	<u>-</u>	<u>-</u>	<u>(287,635)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	369,780	(38,032)	(121,742)	(78,751)	131,255
Cash and Cash Equivalents, Beginning of Year	<u>3,223,371</u>	<u>244,030</u>	<u>471,970</u>	<u>376,901</u>	<u>4,316,272</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,593,151</u>	<u>\$ 205,998</u>	<u>\$ 350,228</u>	<u>\$ 298,150</u>	<u>\$ 4,447,527</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ 896,259	\$ (65,420)	\$ (106,954)	\$ (126,415)	\$ 597,470
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	54,889	7,436	-	-	62,325
(Increase) decrease in accounts receivable	36,052	21,808	135	18,552	76,547
Increase (decrease) in provision for doubtful accounts	(12,682)	2,080	-	(8,641)	(19,243)
(Increase) decrease in inventories	-	-	-	-	-
Increase (decrease) in accounts payable	(2,126)	1,673	(13,516)	35,839	21,870
Increase (decrease) in accrued wages and taxes	3,969	591	-	-	4,560
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in compensated absences	(196)	1,630	-	-	1,434
Increase (decrease) in claims and adjustments	-	-	-	-	-
Increase (decrease) in deferred revenue	1,368	-	-	-	1,368
Increase in payable from restricted assets	-	-	-	(1,491)	(1,491)
Decrease in landfill postclosure	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 957,533</u>	<u>\$ (30,202)</u>	<u>\$ (120,335)</u>	<u>\$ (82,156)</u>	<u>\$ 724,840</u>

## FIDUCIARY (AGENCY) FUNDS

*Fiduciary funds account for assets held by the City in a trustee or agency capacity for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are purely custodial and do not involve measurement of results of operations.*

The Appearance Bonds Fund accounts for the receipt and disbursement of appearance bonds for those appearing in municipal court.

The Special Gifts Fund accounts for the receipt of various donations for a specific project from individuals and private businesses. It also accounts for refundable deposits to library users. The funds are held until legally budgeted (revenues and expenditures) in the Library Special Revenue Fund.

STATE OF NEW MEXICO  
CITY OF GALLUP  
AGENCY FUNDS  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011

	Appearance Bonds	Special Gifts	Total Agency Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH AND CASH EQUIVALENTS</b>			
Balance as of June 30, 2010	\$ 7,822	\$ 391,845	\$ 399,667
ADDITIONS			
Contributions	43,675	834,917	878,592
DEDUCTIONS			
Refunds of contributions	<u>(39,719)</u>	<u>(762,997)</u>	<u>(802,716)</u>
Balance as of June 30, 2011	<u>\$ 11,778</u>	<u>\$ 463,765</u>	<u>\$ 475,543</u>
 <b>ACCOUNTS RECEIVABLE</b>			
Balance as of June 30, 2010	\$ -	\$ 28,376	\$ 28,376
ADDITIONS			
Contributions	-	7,337	7,337
DEDUCTIONS			
Refunds of contributions	<u>-</u>	<u>(28,376)</u>	<u>(28,376)</u>
Balance as of June 30, 2011	<u>\$ -</u>	<u>\$ 7,337</u>	<u>\$ 7,337</u>
 <b>ACCOUNTS PAYABLE</b>			
Balance as of June 30, 2010	\$ -	\$ 760	\$ 760
ADDITIONS			
Interest income	-	69,775	69,775
DEDUCTIONS			
Refunds of contributions	<u>-</u>	<u>(69,033)</u>	<u>(69,033)</u>
Balance as of June 30, 2011	<u>\$ -</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>
 <b>SPECIAL PROJECTS PAYABLE</b>			
Balance as of June 30, 2010	\$ 7,822	\$ 419,461	\$ 427,283
ADDITIONS			
Contributions	43,675	168,616	212,291
DEDUCTIONS			
Refunds of contributions	<u>(39,719)</u>	<u>(118,477)</u>	<u>(158,196)</u>
Balance as of June 30, 2011	<u>\$ 11,778</u>	<u>\$ 469,600</u>	<u>\$ 481,378</u>

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL**

STATE OF NEW MEXICO  
CITY OF GALLUP  
CORRECTION FEES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	30,000	141,100	148,484	7,384
Miscellaneous income	-	-	-	-
Interest income	-	7,400	4,104	(3,296)
Total Revenues	<u>30,000</u>	<u>148,500</u>	<u>152,588</u>	<u>4,088</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	30,000	507,730	467,969	39,761
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>30,000</u>	<u>507,730</u>	<u>467,969</u>	<u>39,761</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(359,230)</u>	<u>(315,381)</u>	<u>43,849</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	359,230	-	359,230
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>359,230</u>	<u>-</u>	<u>359,230</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(315,381)</u>	<u>\$ (315,381)</u>
Fund Balance, Beginning of Year			<u>536,924</u>	
Fund Balance, End of Year			<u>\$ 221,543</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (315,381)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (315,381)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 14,630	\$ 15,119	\$ 15,119	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>14,630</u>	<u>15,119</u>	<u>15,119</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	14,630	15,412	14,339	1,073
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>14,630</u>	<u>15,412</u>	<u>14,339</u>	<u>1,073</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(293)</u>	<u>780</u>	<u>1,073</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	293	-	(293)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>293</u>	<u>-</u>	<u>(293)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>780</u>	<u>\$ 780</u>
Fund Balance, Beginning of Year			<u>293</u>	
Fund Balance, End of Year			<u>\$ 1,073</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ 780	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 780</u>	



STATE OF NEW MEXICO  
CITY OF GALLUP  
FIRE PROTECTION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 145,000	\$ 404,342	\$ 404,342	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	86	3,368	3,282
Total Revenues	<u>145,000</u>	<u>404,428</u>	<u>407,710</u>	<u>3,282</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	202,314	30,953	171,361
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	447,569	347,569	100,000
Total Expenditures	<u>-</u>	<u>649,883</u>	<u>378,522</u>	<u>271,361</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>145,000</u>	<u>(245,455)</u>	<u>29,188</u>	<u>274,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	388,705	-	(388,705)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(143,250)	(143,250)	(143,163)	87
Total Other Financing Sources (Uses)	<u>(143,250)</u>	<u>245,455</u>	<u>(143,163)</u>	<u>(388,618)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,750</u>	<u>\$ -</u>	<u>(113,975)</u>	<u>\$ (113,975)</u>
Fund Balance, Beginning of Year			<u>388,705</u>	
Fund Balance, End of Year			<u>\$ 274,730</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (113,975)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>(22,668)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (136,643)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 64,200	\$ 64,200	\$ 64,200	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>64,200</u>	<u>64,200</u>	<u>64,200</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	75,371	75,231	140
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>33,000</u>	<u>4,548</u>	<u>4,548</u>	<u>-</u>
Total Expenditures	<u>33,000</u>	<u>79,919</u>	<u>79,779</u>	<u>140</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>31,200</u>	<u>(15,719)</u>	<u>(15,579)</u>	<u>140</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	15,719	-	(15,719)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,719</u>	<u>-</u>	<u>(15,719)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 31,200</u>	<u>\$ -</u>	<u>(15,579)</u>	<u>\$ (15,579)</u>
Fund Balance, Beginning of Year			<u>15,719</u>	
Fund Balance, End of Year			<u>\$ 140</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (15,579)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>339</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (15,240)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
SPECIAL LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 109,908	\$ 63,642	\$ (46,266)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	8,302	8,302
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>109,908</u>	<u>71,944</u>	<u>(37,964)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	48,797	43,796	5,001
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>48,797</u>	<u>43,796</u>	<u>5,001</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>61,111</u>	<u>28,148</u>	<u>(32,963)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 61,111</u>	<u>28,148</u>	<u>\$ (32,963)</u>
Fund Balance, Beginning of Year			<u>16,978</u>	
Fund Balance, End of Year			<u>\$ 45,126</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ 28,148	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(6,229)	
Expenditures for payables, prepaid expenditures and other accruals			<u>(3,291)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 18,628</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
LODGERS' TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	1,030,000	1,030,000	1,177,867	147,867
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(7,512)	(7,512)
Total Revenues	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,170,355</u>	<u>140,355</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	850,000	1,989,330	1,543,607	445,723
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>850,000</u>	<u>1,989,330</u>	<u>1,543,607</u>	<u>445,723</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>180,000</u>	<u>(959,330)</u>	<u>(373,252)</u>	<u>586,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	1,139,330	-	(1,139,330)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(180,000)	(180,000)	(180,000)	-
Total Other Financing Sources (Uses)	<u>(180,000)</u>	<u>959,330</u>	<u>(180,000)</u>	<u>(1,139,330)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(553,252)</u>	<u>\$ (553,252)</u>
Fund Balance, Beginning of Year			<u>1,278,478</u>	
Fund Balance, End of Year			<u>\$ 725,226</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (553,252)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			180,225	
Expenditures for payables, prepaid expenditures and other accruals			<u>(820)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (373,847)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
MUNICIPAL GAS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 151,052	\$ 34,396	\$ (116,656)
Taxes	-	-	-	-
Operating grant - taxes	950,000	950,000	1,088,223	138,223
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>950,000</u>	<u>1,101,052</u>	<u>1,122,619</u>	<u>21,567</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	2,214,550	2,300,907	2,043,299	257,608
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	432,246	259,634	172,612
Total Expenditures	<u>2,214,550</u>	<u>2,733,153</u>	<u>2,302,933</u>	<u>430,220</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>(1,264,550)</u>	<u>(1,632,101)</u>	<u>(1,180,314)</u>	<u>451,787</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	139,163	-	(139,163)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,264,550	1,492,938	1,117,210	(375,728)
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,264,550</u>	<u>1,632,101</u>	<u>1,117,210</u>	<u>(514,891)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(63,104)</u>	<u>\$ (63,104)</u>
Fund Balance, Beginning of Year			<u>219,029</u>	
Fund Balance, End of Year			<u>\$ 155,925</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (63,104)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(17,168)	
Expenditures for payables, prepaid expenditures and other accruals			<u>22,924</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (57,348)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
JUVENILE RECREATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grants - taxes	-	1,913	1,914	1
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>1,913</u>	<u>1,914</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	5,500	5,494	6
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>5,500</u>	<u>5,494</u>	<u>6</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(3,587)</u>	<u>(3,580)</u>	<u>7</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	3,587	-	(3,587)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,587</u>	<u>-</u>	<u>(3,587)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(3,580)</u>	<u>\$ (3,580)</u>
Fund Balance, Beginning of Year			<u>50,086</u>	
Fund Balance, End of Year			<u>\$ 46,506</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (3,580)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(1,911)	
Expenditures for payables, prepaid expenditures and other accruals			<u>315</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (5,176)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
INTERGOVERNMENTAL GRANTS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 491,525	\$ 197,156	\$ (294,369)
Taxes	-	-	-	-
Operating grants - taxes	-	-	-	-
Charges for services	-	16,000	16,000	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>507,525</u>	<u>213,156</u>	<u>(294,369)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	149,909	14,515	135,394
Culture and recreation	-	8,632	8,632	-
Public safety	-	28,168	28,168	-
Health and welfare	-	-	-	-
Public works	-	11,584	11,584	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>296,418</u>	<u>136,495</u>	<u>159,923</u>
Total Expenditures	<u>-</u>	<u>494,711</u>	<u>199,394</u>	<u>295,317</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>12,814</u>	<u>13,762</u>	<u>948</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 2,814</u>	<u>3,762</u>	<u>\$ 948</u>
Fund Balance, Beginning of Year			<u>4,467</u>	
Fund Balance, End of Year			<u>\$ 8,229</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ 3,762	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(27,341)	
Expenditures for payables, prepaid expenditures and other accruals			<u>12,515</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (11,064)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
SENIOR CITIZENS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 207,170	\$ 477,882	\$ 458,638	\$ (19,244)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	46,500	51,063	4,563
Interest income	-	-	-	-
Total Revenues	<u>207,170</u>	<u>524,382</u>	<u>509,701</u>	<u>(14,681)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	207,170	887,791	821,949	65,842
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	154,343	154,343	-
Total Expenditures	<u>207,170</u>	<u>1,042,134</u>	<u>976,292</u>	<u>65,842</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(517,752)</u>	<u>(466,591)</u>	<u>51,161</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	570,830	465,000	(105,830)
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>570,830</u>	<u>465,000</u>	<u>(105,830)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 53,078</u>	<u>(1,591)</u>	<u>\$ (54,669)</u>
Fund Balance, Beginning of Year			<u>9,418</u>	
Fund Balance, End of Year			<u>\$ 7,827</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (1,591)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(46,756)	
Expenditures for payables, prepaid expenditures and other accruals			<u>(82,108)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (130,455)</u>	



STATE OF NEW MEXICO  
CITY OF GALLUP  
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 375,000	\$ -	\$ (375,000)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>375,000</u>	<u>2,287</u>	<u>372,713</u>
Total Expenditures	<u>-</u>	<u>375,000</u>	<u>2,287</u>	<u>372,713</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(2,287)</u>	<u>(2,287)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(2,287)</u>	<u>\$ (2,287)</u>
Fund Balance, Beginning of Year			<u>196,811</u>	
Fund Balance, End of Year			<u>\$ 194,524</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (2,287)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			2,287	
Expenditures for payables, prepaid expenditures and other accruals			<u>(22,555)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (22,555)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
BUSINESS IMPROVEMENT DISTRICT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 130,000	\$ 117,373	\$ (12,627)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	130,000	143,598	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>260,000</u>	<u>260,971</u>	<u>(12,627)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	293,400	292,534	866
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>293,400</u>	<u>292,534</u>	<u>866</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(33,400)</u>	<u>(31,563)</u>	<u>1,837</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	33,400	-	(33,400)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>33,400</u>	<u>-</u>	<u>(33,400)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(31,563)</u>	<u>\$ (31,563)</u>
Fund Balance, Beginning of Year			<u>31,732</u>	
Fund Balance, End of Year			<u>\$ 169</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (31,563)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(22,383)	
Expenditures for payables, prepaid expenditures and other accruals			<u>17,867</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (36,079)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/04 SALES TAX REVENUE BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	7,000	7,000	1,512	(5,488)
Total Revenues	7,000	7,000	1,512	(5,488)
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	815,000	815,000	815,000	-
Interest and other charges	578,120	578,920	578,917	3
Capital outlay	-	-	-	-
Total Expenditures	1,393,120	1,393,920	1,393,917	3
Excess (Deficiency) of				
Revenues over Expenditures	(1,386,120)	(1,386,920)	(1,392,405)	(5,485)
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	800	-	(800)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,386,120	1,386,120	1,386,120	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	1,386,120	1,386,920	1,386,120	(800)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(6,285)	\$ (6,285)
Fund Balance, Beginning of Year			83,205	
Fund Balance, End of Year			\$ 76,920	
<b>NET CHANGE IN FUND BALANCE (BUDGET BASIS)</b>			\$ (6,285)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			\$ (6,285)	

STATE OF NEW MEXICO  
CITY OF GALLUP  
NEW MEXICO FINANCE AUTHORITY LOANS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	693,020	500,000	499,661	(339)
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(554)	(554)
Total Revenues	<u>693,020</u>	<u>500,000</u>	<u>499,107</u>	<u>(893)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	596,630	4,731,630	4,731,630	-
Interest and other charges	211,100	227,250	227,244	6
Capital outlay	-	-	-	-
Total Expenditures	<u>807,730</u>	<u>4,958,880</u>	<u>4,958,874</u>	<u>6</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(114,710)</u>	<u>(4,458,880)</u>	<u>(4,459,767)</u>	<u>(887)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	1,088,690	-	(1,088,690)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	143,250	3,854,310	3,854,223	(87)
Transfers to other funds	-	(484,120)	(484,118)	2
Total Other Financing Sources (Uses)	<u>143,250</u>	<u>4,458,880</u>	<u>3,370,105</u>	<u>(1,088,775)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 28,540</u>	<u>\$ -</u>	<u>(1,089,662)</u>	<u>\$ (1,089,662)</u>
Fund Balance, Beginning of Year			<u>1,223,937</u>	
Fund Balance, End of Year			<u>\$ 134,275</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (1,089,662)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(22,308)	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (1,111,970)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
06/10 SALES TAX REVENUE BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	3,951	3,951
Total Revenues	<u>-</u>	<u>-</u>	<u>3,951</u>	<u>3,951</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	980,000	980,000	-
Interest and other charges	-	576,160	576,150	10
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,556,160</u>	<u>1,556,150</u>	<u>10</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(1,556,160)</u>	<u>(1,552,199)</u>	<u>3,961</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	12,001,600	-	(12,001,600)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	1,554,560	1,554,545	15
Transfers to other funds	<u>-</u>	<u>(12,000,000)</u>	<u>(12,000,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,556,160</u>	<u>(10,445,455)</u>	<u>(12,001,585)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(11,997,654)</u>	<u>\$ (11,997,624)</u>
Fund Balance, Beginning of Year			<u>12,090,020</u>	
Fund Balance, End of Year			<u>\$ 92,366</u>	
<b>NET CHANGE IN FUND BALANCE (BUDGET BASIS)</b>			<b>\$ (11,997,654)</b>	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			<b><u>\$ (11,997,654)</u></b>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/11 GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	60,000	327,342	267,342
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	1,933	1,933
Total Revenues	<u>-</u>	<u>60,000</u>	<u>329,275</u>	<u>269,275</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	111,000	9,445	101,555
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>111,000</u>	<u>9,445</u>	<u>101,555</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(51,000)</u>	<u>319,830</u>	<u>370,830</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	3,630,000	3,630,000	-
Transfers from other funds	-	484,120	484,118	2
Transfers to other funds	-	(3,711,060)	(3,711,060)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>403,060</u>	<u>403,058</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 352,060</u>	<u>722,888</u>	<u>\$ 370,832</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ 722,888</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ 722,888	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			34,208	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 757,096</u>	

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

STATE OF NEW MEXICO  
CITY OF GALLUP  
AIRPORT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 220,829	\$ 143,548	\$ (77,281)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>220,829</u>	<u>143,548</u>	<u>(77,281)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	236,295	156,808	79,487
Total Expenditures	<u>-</u>	<u>236,295</u>	<u>156,808</u>	<u>79,487</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(15,466)</u>	<u>(13,260)</u>	<u>2,206</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	15,466	-	(15,466)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,466</u>	<u>-</u>	<u>(15,466)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(13,260)</u>	<u>\$ (13,260)</u>
Fund Balance, Beginning of Year			<u>176,772</u>	
Fund Balance, End of Year			<u>\$ 163,512</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (13,260)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(454)	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (13,714)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
INFRASTRUCTURE GRT CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(1,565)	(1,565)
Total Revenues	<u>-</u>	<u>-</u>	<u>(1,565)</u>	<u>(1,565)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	89,360	33,804	55,556
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>904,014</u>	<u>96,766</u>	<u>807,248</u>
Total Expenditures	<u>-</u>	<u>993,374</u>	<u>130,570</u>	<u>862,804</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(993,374)</u>	<u>(132,135)</u>	<u>861,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	457,924	-	(457,924)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,600,000	1,600,000	1,760,221	160,221
Transfers to other funds	<u>(1,064,550)</u>	<u>(1,064,550)</u>	<u>(973,822)</u>	<u>90,728</u>
Total Other Financing Sources (Uses)	<u>535,450</u>	<u>993,374</u>	<u>786,399</u>	<u>(206,975)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 535,450</u>	<u>\$ -</u>	<u>654,264</u>	<u>\$ 654,264</u>
Fund Balance, Beginning of Year			<u>1,029,664</u>	
Fund Balance, End of Year			<u>\$ 1,683,928</u>	
<b>NET CHANGE IN FUND BALANCE (BUDGET BASIS)</b>			<b>\$ 654,264</b>	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>285,000</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			<b>\$ 939,264</b>	



STATE OF NEW MEXICO  
CITY OF GALLUP  
1/4% INFRASTRUCTURE GRT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(1,395)	(1,395)
Total Revenues	<u>-</u>	<u>-</u>	<u>(1,395)</u>	<u>(1,395)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	56,471	14,471	42,000
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>2,069,038</u>	<u>868,543</u>	<u>1,200,495</u>
Total Expenditures	<u>-</u>	<u>2,125,509</u>	<u>883,014</u>	<u>1,242,495</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(2,125,509)</u>	<u>(884,409)</u>	<u>1,241,100</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	1,416,439	-	(1,416,439)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,600,000	709,070	173,923	(535,147)
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,600,000</u>	<u>2,125,509</u>	<u>173,923</u>	<u>(1,951,586)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,600,000</u>	<u>\$ -</u>	<u>(710,486)</u>	<u>\$ (710,486)</u>
Fund Balance, Beginning of Year			<u>2,850,465</u>	
Fund Balance, End of Year			<u>\$ 2,139,979</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (710,486)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (710,486)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/11 SALES TAX REVENUE BONDS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	19,636	19,636
Total Revenues	<u>-</u>	<u>-</u>	<u>19,636</u>	<u>19,636</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>12,000,000</u>	<u>875,510</u>	<u>11,124,490</u>
Total Expenditures	<u>-</u>	<u>12,000,000</u>	<u>875,510</u>	<u>11,124,490</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(12,000,000)</u>	<u>(855,874)</u>	<u>11,144,126</u>
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	12,000,000	12,000,000	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>11,144,126</u>	<u>\$ 11,144,126</u>
Fund Balance, Beginning of Year			<u>-</u>	
Fund Balance, End of Year			<u>\$ 11,144,126</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ 11,144,126	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>(169,878)</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 10,974,248</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
11/00 SALES TAX REVENUE BONDS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	7,919	7,919
Total Revenues	<u>-</u>	<u>-</u>	<u>7,919</u>	<u>7,919</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	8,000	5,100	2,900
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	235,440	18,385	217,055
Total Expenditures	<u>-</u>	<u>243,440</u>	<u>23,485</u>	<u>219,955</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(243,440)</u>	<u>(15,566)</u>	<u>227,874</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	243,440	-	(243,440)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>243,440</u>	<u>-</u>	<u>(243,440)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(15,566)</u>	<u>\$ (15,566)</u>
Fund Balance, Beginning of Year			251,215	
Fund Balance, End of Year			<u>\$ 235,649</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (15,566)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (15,566)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
LEGISLATIVE APPROPRIATIONS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 334,680	\$ 238,158	\$ (96,522)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>334,680</u>	<u>238,158</u>	<u>(96,522)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	275,017	222,951	52,066
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	3,466	-	3,466
Total Expenditures	<u>-</u>	<u>278,483</u>	<u>222,951</u>	<u>55,532</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>56,197</u>	<u>15,207</u>	<u>(40,990)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 6,197</u>	<u>(34,793)</u>	<u>\$ (40,990)</u>
Fund Balance, Beginning of Year			<u>46,702</u>	
Fund Balance, End of Year			<u>\$ 11,909</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (34,793)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			41,049	
Expenditures for payables, prepaid expenditures and other accruals			<u>50,000</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ 56,256</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/11 GENERAL OBLIGATION BONDS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	921	921
Total Revenues	<u>-</u>	<u>-</u>	<u>921</u>	<u>921</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>86,624</u>	<u>49,224</u>	<u>37,400</u>
Total Expenditures	<u>-</u>	<u>86,624</u>	<u>49,224</u>	<u>37,400</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(86,624)</u>	<u>(48,303)</u>	<u>38,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	86,624	-	(86,624)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>86,624</u>	<u>-</u>	<u>(86,624)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(48,303)</u>	<u>\$ (48,303)</u>
Fund Balance, Beginning of Year			<u>109,723</u>	
Fund Balance, End of Year			<u>\$ 61,420</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (48,303)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (48,303)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/04 SALES NONTAX REVENUE BONDS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>3,727</u>	<u>3,726</u>	<u>1</u>
Total Expenditures	<u>-</u>	<u>3,727</u>	<u>3,726</u>	<u>1</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>(3,727)</u>	<u>(3,726)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	3,727	-	(3,727)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,727</u>	<u>-</u>	<u>(3,727)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(3,726)</u>	<u>\$ (3,726)</u>
Fund Balance, Beginning of Year			<u>16,857</u>	
Fund Balance, End of Year			<u>\$ 13,131</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (3,726)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (3,726)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
02/04 SALES TAX REVENUE BONDS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>51,679</u>	
Fund Balance, End of Year			<u>\$ 51,679</u>	
<b>NET CHANGE IN FUND BALANCE (BUDGET BASIS)</b>			\$ -	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
PUBLIC WORKS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 6,619,500	\$ 2,131,809	\$ (4,487,691)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	1,171	1,171
Total Revenues	<u>-</u>	<u>6,619,500</u>	<u>2,132,980</u>	<u>(4,486,520)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	26,000	25,935	65
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>-</u>	<u>6,083,915</u>	<u>3,975,443</u>	<u>2,108,472</u>
Total Expenditures	<u>-</u>	<u>6,109,915</u>	<u>4,001,378</u>	<u>2,108,537</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>-</u>	<u>509,585</u>	<u>(1,868,398)</u>	<u>(2,377,983)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	1,690,000	1,850,000	160,000
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,690,000</u>	<u>1,850,000</u>	<u>160,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 2,199,585</u>	<u>(18,398)</u>	<u>\$ (2,217,983)</u>
Fund Balance, Beginning of Year			<u>50,000</u>	
Fund Balance, End of Year			<u>\$ 31,602</u>	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			\$ (18,398)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(1,649,924)	
Expenditures for payables, prepaid expenditures and other accruals			<u>899,676</u>	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			<u>\$ (768,646)</u>	



**SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS – BUDGET AND ACTUAL**

STATE OF NEW MEXICO  
CITY OF GALLUP  
SOLID WASTE ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	423,200	423,200	432,911	-
Operating grant - taxes	-	-	-	-
Charges for services	2,990,130	2,990,130	3,068,071	77,941
Miscellaneous income	-	-	-	-
Interest income	45,490	45,490	13,791	(31,699)
Total Revenues	<u>3,458,820</u>	<u>3,458,820</u>	<u>3,514,773</u>	<u>46,242</u>
<b>EXPENSES</b>				
Personnel services	595,660	613,660	613,295	365
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	1,720,240	1,949,546	1,930,154	19,392
Capital outlay	436,000	519,750	281,615	238,135
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	<u>2,751,900</u>	<u>3,082,956</u>	<u>2,825,064</u>	<u>257,892</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>706,920</u>	<u>375,864</u>	<u>689,709</u>	<u>313,845</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(267,360)	(319,930)	(319,929)	1
Total Other Financing Sources (Uses)	<u>(267,360)</u>	<u>(319,930)</u>	<u>(319,929)</u>	<u>1</u>
CHANGE IN NET ASSETS	<u>\$ 439,560</u>	<u>\$ 55,934</u>	369,780	<u>\$ 313,846</u>
Net Assets, Beginning of Year			<u>3,223,371</u>	
Net Assets, End of Year			<u>\$ 3,593,151</u>	
<b>CHANGE IN NET ASSETS (BUDGET BASIS)</b>			\$ 369,780	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(24,738)	
Expenditures for payables, prepaid expenditures and other accruals			<u>245,079</u>	
<b>CHANGE IN NET ASSETS (GAAP BUDGET BASIS)</b>			<u>\$ 590,121</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
JOINT UTILITIES ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ 3,850	\$ 3,850	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	26,752,320	26,759,715	31,138,915	4,379,200
Miscellaneous income	-	40,000	35,896	(4,104)
Interest income	108,000	108,000	67,327	(40,673)
Total Revenues	<u>26,860,320</u>	<u>26,911,565</u>	<u>31,245,988</u>	<u>4,334,423</u>
<b>EXPENDITURES</b>				
Current:				
Personnel services	3,145,730	2,916,741	2,916,396	345
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	17,846,370	26,205,787	18,410,009	7,795,778
Capital outlay	1,060,500	6,750,209	3,130,449	3,619,760
Debt Service:				
Principal retirement	1,553,000	1,553,000	1,552,996	4
Interest and other charges	1,056,120	1,061,780	1,061,716	64
Total Expenses	<u>24,661,720</u>	<u>38,487,517</u>	<u>27,071,566</u>	<u>11,415,951</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>2,198,600</u>	<u>(11,575,952)</u>	<u>4,174,422</u>	<u>15,750,374</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	13,455,212	-	(13,455,212)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	2,676,930	2,676,930	-	(2,676,930)
Transfers to other funds	(4,271,190)	(4,556,190)	(1,946,479)	2,609,711
Total Other Financing Sources (Uses)	<u>(1,594,260)</u>	<u>11,575,952</u>	<u>(1,946,479)</u>	<u>(13,522,431)</u>
CHANGE IN NET ASSETS	<u>\$ 604,340</u>	<u>\$ -</u>	<u>2,227,943</u>	<u>\$ 2,227,943</u>
Net Assets, Beginning of Year			<u>34,296,523</u>	
Net Assets, End of Year			<u>\$ 36,524,466</u>	
CHANGE IN NET ASSETS (BUDGET BASIS)			\$ 2,227,943	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(228,357)	
Expenditures for payables, prepaid expenditures and other accruals			<u>1,722,532</u>	
CHANGE IN NET ASSETS (GAAP BUDGET BASIS)			<u>\$ 3,722,118</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
THE FITNESS CENTER ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	190,000	190,000	209,134	19,134
Miscellaneous income	-	-	289	289
Interest income	-	-	(1,810)	(1,810)
Total Revenues	<u>190,000</u>	<u>190,000</u>	<u>207,613</u>	<u>17,613</u>
<b>EXPENSES</b>				
Current:				
Personnel services	130,970	146,070	146,026	44
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	127,410	162,934	93,599	69,335
Capital outlay	-	6,100	6,020	80
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	<u>258,380</u>	<u>315,104</u>	<u>245,645</u>	<u>69,459</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>(68,380)</u>	<u>(125,104)</u>	<u>(38,032)</u>	<u>87,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	68,380	125,104	-	(125,104)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>68,380</u>	<u>125,104</u>	<u>-</u>	<u>(125,104)</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>(38,032)</u>	<u>\$ (38,032)</u>
Net Assets, Beginning of Year			<u>244,030</u>	
Net Assets, End of Year			<u>\$ 205,998</u>	
<b>CHANGE IN NET ASSETS (BUDGET BASIS)</b>			\$ (38,032)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(23,851)	
Expenditures for payables, prepaid expenditures and other accruals			<u>(5,347)</u>	
<b>CHANGE IN NET ASSETS (GAAP BUDGET BASIS)</b>			<u>\$ (67,230)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
NATIONAL JUNIOR HIGH SCHOOL FINALS RODEO ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ 100,000	\$ 90,260	\$ -	\$ (90,260)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	686,389	536,123	(150,266)
Miscellaneous income	-	-	-	-
Interest income	-	34	(1,407)	(1,441)
Total Revenues	<u>100,000</u>	<u>776,683</u>	<u>534,716</u>	<u>(241,967)</u>
<b>EXPENSES</b>				
Current:				
Personnel services	-	-	-	-
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	100,000	1,041,002	656,458	384,544
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	<u>100,000</u>	<u>1,041,002</u>	<u>656,458</u>	<u>384,544</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>-</u>	<u>(264,319)</u>	<u>(121,742)</u>	<u>142,577</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	264,319	-	(264,319)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>264,319</u>	<u>-</u>	<u>(264,319)</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>(121,742)</u>	<u>\$ (121,742)</u>
Net Assets, Beginning of Year			<u>471,970</u>	
Net Assets, End of Year			<u>\$ 350,228</u>	
<b>CHANGE IN NET ASSETS (BUDGET BASIS)</b>			<b>\$ (121,742)</b>	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(135)	
Expenditures for payables, prepaid expenditures and other accruals			<u>13,516</u>	
<b>CHANGE IN NET ASSETS (GAAP BUDGET BASIS)</b>			<b>\$ (108,361)</b>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
GAMERCO BILLINGS ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Intergovernmental income	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	480,000	398,194	(81,806)
Miscellaneous income	-	-	34,101	34,101
Interest income	-	-	3,405	3,405
Total Revenues	<u>-</u>	<u>480,000</u>	<u>435,700</u>	<u>(44,300)</u>
<b>EXPENSES</b>				
Current:				
Personnel services	-	-	-	-
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	-	515,000	514,451	549
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	<u>-</u>	<u>515,000</u>	<u>514,451</u>	<u>549</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>-</u>	<u>(35,000)</u>	<u>(78,751)</u>	<u>(43,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Designated cash	-	35,000	-	(35,000)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>(78,751)</u>	<u>\$ (78,751)</u>
Net Assets, Beginning of Year			<u>376,901</u>	
Net Assets, End of Year			<u>\$ 298,150</u>	
<b>CHANGE IN NET ASSETS (BUDGET BASIS)</b>			\$ (78,751)	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			(9,911)	
Expenditures for payables, prepaid expenditures and other accruals			<u>(34,348)</u>	
<b>CHANGE IN NET ASSETS (GAAP BUDGET BASIS)</b>			<u>\$ (123,010)</u>	

STATE OF NEW MEXICO  
CITY OF GALLUP  
RISK MANAGEMENT INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN  
NET ASSETS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>REVENUES</b>				
Assessments	\$ 2,441,050	\$ 2,441,050	\$ 2,263,146	\$ (177,904)
Intergovernmental income	-	10,000	10,000	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	245,000	293,990	48,990
Interest income	-	-	3,220	3,220
Total Revenues	<u>2,441,050</u>	<u>2,696,050</u>	<u>2,570,356</u>	<u>(125,694)</u>
<b>EXPENSES</b>				
Current:				
Personnel services	293,850	310,850	309,595	1,255
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	2,147,200	2,582,381	1,945,136	637,245
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	<u>2,441,050</u>	<u>2,893,231</u>	<u>2,254,731</u>	<u>638,500</u>
Excess (Deficiency) of				
Revenues over Expenses	<u>-</u>	<u>(197,181)</u>	<u>315,625</u>	<u>512,806</u>
<b>OTHER FINANCING SOURCES</b>				
Designated cash	-	197,181	-	(197,181)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>197,181</u>	<u>-</u>	<u>(197,181)</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	315,625	<u>\$ 315,625</u>
Net Assets, Beginning of Year			<u>3,601,395</u>	
Net Assets, End of Year			<u>\$ 3,917,020</u>	
CHANGE IN NET ASSETS (BUDGET BASIS)			\$ 315,625	
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals			22,463	
Expenditures for payables, prepaid expenditures and other accruals			<u>76,932</u>	
CHANGE IN NET ASSETS (GAAP BUDGET BASIS)			<u>\$ 415,020</u>	

## **NEW MEXICO STATE AUDITOR DISCLOSURES**



STATE OF NEW MEXICO  
CITY OF GALLUP  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL  
JUNE 30, 2011

		<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
<b>WELLS FARGO, NEW MEXICO</b>				
Operations	Checking	\$ 3,511,968	\$ (509,792)	\$ 3,002,176
National Junior High Finals Rodeo	Checking	175,685	(7,273)	168,412
Gallup Municipal Court	Money Market	13,616	(1,838)	11,778
Municipality of Gallup		3,701,269	<u>\$ (518,903)</u>	<u>\$ 3,182,366</u>
Less FDIC coverage		<u>250,000</u>		
Uninsured Public Funds		3,451,269		
Less Pledged Collateral held by the pledging financial institution		<u>(3,451,269)</u>		
Over insured and over collateralized		<u>\$ -</u>		
Collateral requirement - 50% of uninsured funds		\$ 1,725,635		
Pledged Security		<u>3,451,269</u>		
Over Collateral Requirement		<u>\$ 1,725,634</u>		
<b>WELLS FARGO BROKERAGE</b>				
City of Gallup	Treasury Notes	\$ 34,308,272	\$ -	\$ 34,308,272
City of Gallup	Money Market	12,152,134	(1,000,000)	11,152,134
Municipality of Gallup		<u>\$ 46,460,406</u>	<u>\$ (1,000,000)</u>	<u>\$ 45,460,406</u>
<b>BANK OF ALBUQUERQUE - NEW MEXICO FINANCE AUTHORITY (NMFA)</b>				
Fire Station Loan	Cash Deposit	\$ 134,275	\$ -	\$ 134,275
Water Trust Board Grants	Cash Deposit	6,975,414	-	6,975,414
Municipality of Gallup		<u>\$ 7,109,689</u>	<u>\$ -</u>	<u>\$ 7,109,689</u>
<b>FIRST COMMUNITY BANK</b>				
City of Gallup	Certificate of Deposit	\$ 22,000,000	\$ -	\$ 22,000,000
Municipality of Gallup		22,000,000	<u>\$ -</u>	<u>\$ 22,000,000</u>
Less FDIC coverage		<u>250,000</u>		
Uninsured Public Funds		21,750,000		
Less Pledged Collateral held by the pledging financial institution		<u>(21,750,225)</u>		
Over insured and overcollateralized		<u>\$ (225)</u>		
Collateral requirement - 50% of uninsured funds		\$ 10,875,000		
Pledged Security		<u>21,750,225</u>		
Over Collateral Requirement		<u>\$ 10,875,225</u>		
<b>NEW MEXICO STATE TREASURER</b>				
Municipality of Gallup	Local Government Investment Pool (LGIP)	<u>\$ 2,920</u>	<u>\$ -</u>	<u>\$ 2,920</u>

STATE OF NEW MEXICO  
CITY OF GALLUP  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL  
JUNE 30, 2011

	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
<b>TOTAL FINANCIAL INSTITUTIONS</b>			
VALUE OF ACCOUNTS PER BANK			
City of Gallup	Checking	\$ 3,687,653	\$ (517,065) \$ 3,170,588
City of Gallup	Money Market	12,165,750	(1,001,838) 11,163,912
City of Gallup	Certificate of Deposit	22,000,000	- 22,000,000
City of Gallup	Cash Deposit	7,109,689	- 7,109,689
City of Gallup	Treasury Notes	34,308,272	- 34,308,272
City of Gallup	LGIP	<u>2,920</u>	<u>- 2,920</u>
Municipality of Gallup		79,274,284	<u>\$ (1,518,903) 77,755,381</u>
Less NMFA		7,109,689	7,109,689
Less Wells Fargo Brokerage		46,474,022	45,472,184
Less NM State Treasurer		<u>2,920</u>	<u>2,920</u>
		25,687,653	<u>\$ 25,170,588</u>
Less FDIC coverage		<u>500,000</u>	
Uninsured Public Funds		25,187,653	
Less Pledged Collateral held by the pledging financial institution		<u>(25,201,494)</u>	
Over insured and over collateralized		<u>\$ (13,841)</u>	
Collateral requirement - 50% of uninsured funds		\$ 12,593,827	
Pledged Security		<u>25,201,494</u>	
Over Collateral Requirement		<u>\$ 12,607,667</u>	



# Griego Professional Services, LLC

Certified Public Accountants

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

City of Gallup  
Gallup, New Mexico  
To the Honorable Mayor and City Council  
Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund and major special revenue fund of the City of Gallup (the "City"), New Mexico, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. We also have audited the financial statements of each of the City's non-major governmental, non-major enterprise and internal service funds, and budgetary comparisons and the major enterprise fund budgetary comparison, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated November 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Gallup, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Gallup's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. A *material weakness* is a deficiency, or 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 to be material weaknesses. FS 08-07.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gallup, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

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

Albuquerque, New Mexico  
November 29, 2011

## **SINGLE AUDIT SECTION**



# Griego Professional Services, LLC

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Gallup  
Gallup, New Mexico  
To the Honorable Mayor and City Council  
Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget

### Compliance

We have audited the City of Gallup (the "City"), New Mexico, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The City of Gallup, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Gallup, New Mexico's management. Our responsibility is to express an opinion on the City of Gallup, New Mexico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gallup, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Gallup, New Mexico's compliance with those requirements.

In our opinion, the City of Gallup, New Mexico complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

Management of the City of Gallup, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Gallup, New Mexico's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
November 29, 2011

STATE OF NEW MEXICO  
CITY OF GALLUP  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Program or Award Amount	Accrued Revenue 07/01/10	Revenues Recognized	Federal Expenditures	Accrued Revenue 06/30/11
<b>PRIMARY GOVERNMENT</b>							
<b>U.S. DEPARTMENT OF HEALTH AND WELFARE</b>							
<b>Administration on Aging</b>							
Passed through North Central N.M. Economic Development District							
Non-Metro Area Agency on Aging							
Special Programs for the Aging Title III, Part B							
Grants for Supportive Services and Senior Cente	93.044	2009-10 60013	\$ 29,294	\$ 3,865	\$ 3,865	\$ -	\$ -
Special Programs for the Aging Title III, Part B							
Grants for Supportive Services and Senior Cente	93.044	2010-11 60013	29,294	-	24,933	29,294	4,361
Special Programs for the Aging Title III, Part C-1							
Nutrition Services (Congregate)	93.045	2009-10 60013	35,287	5,292	5,292	-	-
Special Programs for the Aging Title III, Part C-1							
Nutrition Services (Congregate)	93.045	2010-11 60013	35,287	-	32,517	35,287	2,770
Special Programs for the Aging Title III, Part C-2							
Nutrition Services (Home Delivered)	93.045	2009-10 60013	12,202	1,431	1,431	-	-
Special Programs for the Aging Title III, Part C-2							
Nutrition Services (Home Delivered)	93.045	2010-11 60013	12,202	-	8,099	12,202	4,103
Nutrition Service Incentive Program (NSIP)	93.053	2010-11 60013	38,809	-	28,278	38,809	10,531
Nutrition Service Incentive Program (NSIP)	93.053	2009-10 60013	<u>47,809</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>240,184</u>	<u>20,588</u>	<u>114,415</u>	<u>115,592</u>	<u>21,765</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
<b>Federal Highway Administration</b>							
Passed through N.M. Department of Transportation							
American Recovery and Reinvestment Act of 2009							
Highway Planning and Construction							
Safe Routes to School Phase I	20.205	L6057	15,000	132	9,868	8,632	-
Clay Street Bridge Reconstruction	20.205	ES61190	2,100,000	446,570	446,570	1,189,625	1,189,625
Scenic Byways Program - Route 66 Phase I	20.205	SB602	50,000	-	-	4,798	4,797
Scenic Byways Program - Route 66 Phase II	20.205	SB702	50,000	-	5,803	5,803	-
Passed through N.M. Energy, Minerals and Natural Resources Department							
Recreational Trails Program	20.219	07-521-0551000000-0258	142,000	9,500	135,394	125,894	-
<b>Federal Aviation Administration</b>							
Airport Improvement Program	20.106	3-35-0019-022-2010	214,500	-	139,425	146,763	-
Airport Improvement Program	20.106	3-35-0019-021-2009	<u>227,193</u>	<u>454</u>	<u>454</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,798,693</u>	<u>456,656</u>	<u>737,514</u>	<u>1,481,515</u>	<u>1,194,422</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Passed through N.M. Department of Public Safety							
Edward Byrne Memorial							
Justice Assistance Grant Program	16.738	RA-JAG-Gallup-SFY10	<u>53,944</u>	<u>53,944</u>	<u>62,997</u>	<u>9,053</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>							
Passed through N.M. Department of Homeland Security							
Distaster Grants - Public Assistance							
(Presidentially Declared Disasters)	97.036	FEMA-1936-DR-NM	<u>20,386</u>	<u>-</u>	<u>20,386</u>	<u>16,048</u>	<u>-</u>
<b>NATIONAL ENDOWMENT FOR HUMANITIES</b>							
Promotion of the Humanities Public Programs	45.164	LA5003511	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>1,190</u>	<u>-</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>							
<b>Bureau of Reclamation Direct Program</b>							
Water Conservation Field Services Program	15.530	R10AP40025	<u>23,040</u>	<u>11,456</u>	<u>23,040</u>	<u>11,584</u>	<u>-</u>



STATE OF NEW MEXICO  
CITY OF GALLUP  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Program or Award Amount	Accrued Revenue 07/01/10	Revenues Recognized	Federal Expenditures	Accrued Revenue 06/30/11
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
<b>Office of Community Planning and Development</b>							
Passed through N.M. Department of Finance and Administration							
Local Government Division							
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii							
Sky City	14.228	10-C-NR-I-01-G-21	375,000	-	2,287	2,287	-
Total Primary Government			<u>3,513,747</u>	<u>542,644</u>	<u>963,139</u>	<u>1,637,269</u>	<u>1,216,187</u>
 <i>DISCRETE COMPONENT UNIT</i>							
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
<b>Office of Public and Indian Housing Direct Program</b>							
Public and Indian Housing	14.850		-	227,518	339,005	554,528	11,995
Section 8 Housing Choice Vouchers	14.871		-	255	222,372	222,627	-
Public Housing Capital Fund	14.872		-	-	1,136,058	1,136,058	-
Capital Fund Stimulus (Formula) Recovery Act Funded	14.885		-	-	268,517	268,517	-
Homeless Prevention and Rapid Rehousing Program	14.257		-	-	160,358	160,358	-
 <b>Office of Community Planning and Development</b>							
Emergency Shelter Grants Program	14.231		-	-	-	-	-
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>227,773</u>	<u>2,126,310</u>	<u>2,342,088</u>	<u>11,995</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS:			<u>\$ 3,513,747</u>	<u>\$ 770,417</u>	<u>\$ 3,089,449</u>	<u>\$ 3,979,357</u>	<u>\$ 1,228,182</u>

**Notes to Schedule of Expenditures of Federal Awards**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Gallup and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

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

**STATE OF NEW MEXICO**  
**CITY OF GALLUP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Section I – Summary of Audit Results***Financial Statements:*

1. Type of auditors' report issued	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

*Federal Awards:*

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiency identified not considered to be material weaknesses?	No
c. Control deficiency identified not considered to be significant deficiency?	No
2. Type of auditors' report issued on compliance for major programs	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
4. Identification of major programs:	

<u>CFDA Number</u>	<u>Federal Program</u>
20.205	AARA Highway Planning and Construction
14.872	Capital Project Fund
14.850	Low Rent Public Housing Program

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

**STATE OF NEW MEXICO**  
**CITY OF GALLUP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Section II – Financial Statement Findings**

**FS 08-07 — Internal Control over Financial Reporting (Housing Authority)**

*Condition:* Although the Authority is making progress, through continuing educations classes, it is currently without an individual at the management level capable of taking responsibility for the preparation of the financial statements as required by accounting standards.

*Criteria:* SAS 112 and 115 requires that the management of a governmental agency maintain sufficient knowledge within the organization to take responsibility for the preparation of the financial statements.

*Effect:* The Authority does not have an individual in a management position capable of meeting the qualification of SAS 112 and 115 and to take responsibility for the preparation of the financial statements.

*Cause:* The Authority's Executive Director is not currently capable of preparing the financial statements in the absence of preparation by the independent public accountant.

*Auditors' Recommendation:* We recommend that the Authority provide necessary training to the Executive Director as soon as possible to ensure he has proper training which allows the Authority to implement procedures to meet the SAS 112 and 115 qualifications.

*Management's Response:* Executive Director has during this past year attended industry trainings related to GASB processes, University of Phoenix, no longer offers single unit certifications, Casterline and Associates or Millman Group will provide a specific SAS-112/ GASB statement course for Gallup Housing Authority, with these, this finding will not be repeated for FYE 2012.

**Section II – Federal Award Findings**

None

**Section III – Summary Schedule of Prior Audit Findings**

- FS 09-02** — Itemized Receipts – Resolved
- FS 10-01** — Audit Report not Submitted timely – Resolved
- FS 08-01** — Audit Report not Submitted timely (Housing Authority) – Resolved
- FS 08-07** — Internal Control over Financial Reporting (Housing Authority) – Repeated
- FA 10-01** — Non-Compliance with Uniform Financial Reporting Standards (Housing Authority) – Resolved
- FA 10-02** — Depository Agreements (Housing Authority) – Resolved
- FA 10-01** — Asset Management-Fee-Coast-Approach (Housing Authority) – Resolved

**STATE OF NEW MEXICO**  
**CITY OF GALLUP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Section IV – Other Disclosures**

Prepared Financials

The financial statements presented in this report were prepared by the City of Gallup.

Exit Conference – City of Gallup

The contents of this report were discussed on November 29, 2011. The following individuals were in attendance.

City of Gallup

Allan Landavazo, Councilman

Dan Dieble, City Manager

Judi Starkovich, Executive Director of Administrative Services

Griego Professional Services, LLC

JJ Griego, CPA

Exit Conference – City of Gallup Housing Authority

The contents of this report were discussed on November 29, 2011. The following individuals were in attendance.

City of Gallup Housing Authority

Gumi Garcia, Chairperson

Danny Garcia, Executive Director

Griego Professional Services, LLC

Ben Martinez, CPA