

STATE OF NEW MEXICO
City of Gallup
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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City of Gallup
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**STATE OF NEW MEXICO
City of Gallup
Official Roster
June 30, 2015**

CITY COUNCIL

Jackie McKinney Mayor
Linda Garcia Councilor
Allan Landavazo Councilor
Yogash Kumar Councilor
Cecil E. Garcia Councilor

ADMINISTRATIVE OFFICIALS

Maryann Ustick City Manager
George W. Kozeliski City Attorney
Patty Holland Chief Financial Officer

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor and City Council
City of Gallup
Gallup, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund the aggregate remaining fund information, and the budgetary comparisons for the General Fund of the City of Gallup, New Mexico (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements 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 nonmajor governmental funds, nonmajor enterprise funds, and the budgetary comparisons for the capital projects funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Governmental activities and Business-type Activities

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, and the aggregate remaining fund information of the City of Gallup, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the Discreetly Presented Component Unit

As a result of the numerous material weaknesses in the internal control structure of the Authority and the suspected fraud perpetrated at the Authority in prior years, the Authority's opening accounting records are inadequate to substantiate the account balances for revenues, expenses, and capital assets presented in the previous financial statements. There is insufficient evidence available to determine that the beginning account balances and the Previous Cash balances were properly reconciled. As a result we can't properly verify that the beginning balances for the year ending June 30, 2015 were correct.

Qualified Opinion Discreetly Presented Component Unit

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion on the Discreetly Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discreetly presented component unit, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the budgetary comparison of the District for the year ended June 30, 2015, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, the introductory section, Supporting Schedules, and Required Supplementary Information I through XII required by Section 2.2.2 NMAC and the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Supporting Schedules, and Required Supplementary Information I through XII required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, Supporting Schedules, and Required Supplementary Information I through XII required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs
Albuquerque, New Mexico
November 10, 2015

STATE OF NEW MEXICO
City of Gallup
Statement of Net Position
June 30, 2015

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,271,406	\$ 5,013,104	\$ 10,284,510	\$ 288,591
Investments	10,720,692	32,408,821	43,129,513	-
Inventory	130,854	1,926,447	2,057,301	64,506
Receivables:				
Property taxes	239,507	-	239,507	-
Other taxes	3,486,963	245,592	3,732,555	-
Other receivables, net	417,477	-	417,477	-
Customer receivables, net	-	4,052,292	4,052,292	109,549
Due from other funds	82,302	123,866	206,168	59,798
Prepaid Expenses	-	-	-	33,978
Restricted cash - Current	-	-	-	61,869
Total current assets	<u>20,349,201</u>	<u>43,770,122</u>	<u>64,119,323</u>	<u>618,291</u>
Noncurrent assets				
Restricted cash	2,156,238	27,503,628	29,659,866	-
Customer Deposits	-	947,022	947,022	-
Capital assets	123,752,164	98,263,482	222,015,646	15,504,099
Less: Accumulated Depreciation	<u>(51,833,896)</u>	<u>(40,465,772)</u>	<u>(92,299,668)</u>	<u>(7,369,391)</u>
Total noncurrent assets	<u>74,074,506</u>	<u>86,248,360</u>	<u>160,322,866</u>	<u>8,134,708</u>
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	2,964,419	520,891	3,485,310	41,035
Total deferred outflows	<u>2,964,419</u>	<u>520,891</u>	<u>3,485,310</u>	<u>41,035</u>
Total assets, and deferred outflows of resources	<u>\$ 97,388,126</u>	<u>\$ 130,539,373</u>	<u>\$ 227,927,499</u>	<u>\$ 8,794,034</u>

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current Liabilities				
Accounts payable	\$ 699,751	\$ 1,163,494	\$ 1,863,245	\$ 35,201
Accrued salaries and benefits	1,148,839	98,863	1,247,702	19,320
Unearned Revenue	-	-	-	8,522
Customer deposits	-	947,022	947,022	49,602
Accrued interest	78,326	23,659	101,985	-
Due to other funds	179,813	26,355	206,168	59,798
Current portion of loans payable	2,734,528	2,149,853	4,884,381	1,823
Compensated absences	258,372	152,786	411,158	8,413
Landfill closure liability	-	25,143	25,143	-
Net Pension liability	2,964,419	504,099	3,468,518	-
Total current liabilities	8,064,048	5,091,274	13,155,322	182,679
Noncurrent liabilities				
Loans payable	18,938,180	15,516,396	34,454,576	6,303
Accrued compensated absences	583,781	27,154	610,935	6,476
Bond premiums, net of accumulated amortization of \$262,023	297,049	-	297,049	-
Landfill closure liability	-	223,960	223,960	-
Net Pension liability	14,015,947	2,518,342	16,534,289	390,053
Total noncurrent liabilities	33,834,957	18,285,852	52,120,809	402,832
Total Liabilities	41,899,005	23,377,126	65,276,131	585,511
Deferred inflows of resources				
Net difference between expected and actual earnings	4,975,490	1,182,459	6,157,949	152,598
Change in assumption	3,471	2,048	5,519	265
Total deferred inflows of resources	4,978,961	1,184,507	6,163,468	152,863
Net Position				
Net investment in capital assets	71,918,268	57,797,710	129,715,978	8,126,582
Restricted for:				
Debt Service	-	8,377,389	8,377,389	-
Capital projects	-	31,239,327	31,239,327	-
Security deposits	-	947,022	947,022	-
Section 8 housing	-	-	-	12,267
Unrestricted	(21,408,108)	7,616,292	(13,791,816)	(83,189)
Total net position	50,510,160	105,977,740	156,487,900	8,055,660
Total liabilities, deferred inflows of resources, and net position	\$ 97,388,126	\$ 130,539,373	\$ 227,927,499	\$ 8,794,034

STATE OF NEW MEXICO
City of Gallup
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 12,065,448	\$ 3,438,885	\$ 450,101	\$ -
Public Safety	12,027,719	102,208	558,173	-
Public Works	3,114,853	-	710,270	1,045,446
Culture and Recreation	6,628,001	168,447	483,708	-
Health and welfare	425,625	-	27,261	-
Interest on Long-Term Debt	830,633	-	-	-
Total Governmental Activities	<u>35,092,279</u>	<u>3,709,540</u>	<u>2,229,513</u>	<u>1,045,446</u>
Business-Type Activities				
Joint Utility	30,974,756	32,530,220	-	3,782,072
Solid Waste	2,694,621	3,126,591	-	-
Fitness Center	246,328	383,436	-	-
Rodeo	196,346	116,330	77,432	-
Gamerico	526,747	361,381	-	-
Total Business-Type Activities	<u>34,638,798</u>	<u>36,517,958</u>	<u>77,432</u>	<u>3,782,072</u>
Total primary government	<u>\$ 69,731,077</u>	<u>\$ 40,227,498</u>	<u>\$ 2,306,945</u>	<u>\$ 4,827,518</u>
Component Unit:				
Housing Authority	<u>\$ 2,142,567</u>	<u>\$ 691,042</u>	<u>\$ 977,698</u>	<u>\$ 2,456</u>

General Revenues:

Taxes:

Property Taxes levied for general purposes

Gross receipt taxes

Gas taxes

Franchise taxes

Lodgers taxes

Interest income

Miscellaneous Income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net Position - restatement (note 19)

Net Position - as restated

Net Position - ending

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Government Activities	Business- Type Activities	Total	Component Unit
\$ (8,176,462)	\$ -	\$ (8,176,462)	\$ -
(11,367,338)	-	(11,367,338)	-
(1,359,137)	-	(1,359,137)	-
(5,975,846)	-	(5,975,846)	-
(398,364)	-	(398,364)	-
(830,633)	-	(830,633)	-
(28,107,780)	-	(28,107,780)	-
-	5,337,536	5,337,536	-
-	431,970	431,970	-
-	137,108	137,108	-
-	(2,584)	(2,584)	-
-	(165,366)	(165,366)	-
-	5,738,664	5,738,664	-
(28,107,780)	5,738,664	(22,369,116)	-
-	-	-	(471,371)
2,673,152	-	2,673,152	-
21,622,508	1,861,512	23,484,020	-
1,388,320	-	1,388,320	-
1,577,196	-	1,577,196	-
1,212,040	-	1,212,040	27
367,318	2,079,695	2,447,013	-
919,803	72,116	991,919	117,744
2,710,790	(2,710,790)	-	-
32,471,127	1,302,533	33,773,660	117,771
4,363,347	7,041,197	11,404,544	(353,600)
105,953,925	88,636,976	194,590,901	8,743,662
(59,807,112)	10,299,567	(49,507,545)	(334,402)
46,146,813	98,936,543	145,083,356	8,409,260
\$ 50,510,160	\$ 105,977,740	\$ 156,487,900	\$ 8,055,660

STATE OF NEW MEXICO
City of Gallup
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>02/11 Sales Tax Revenue Bonds Capital Projects Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and cash equivalents	\$ 2,318,973	\$ 6,994	\$ -
Restricted cash	1,035,282	-	910,956
Investments	8,221,708	519,933	121,417
Inventory	130,854	-	-
Property taxes receivable	239,507	-	-
Other taxes receivable	3,486,963	-	-
Other receivables	359,741	-	-
'Due from other funds	-	-	-
Total assets	<u>\$ 15,793,028</u>	<u>\$ 526,927</u>	<u>\$ 1,032,373</u>
Liabilities, deferred inflows of resources and fund balance			
Liabilities			
Accounts payable	\$ 172,495	\$ -	\$ -
Accrued salaries and benefits	1,110,278	-	-
Due to other funds	-	-	59,947
Total liabilities	<u>1,282,773</u>	<u>-</u>	<u>59,947</u>
Deferred inflows of Resources			
Deferred inflows - property taxes	99,266	-	-
Total deferred inflows of resources	<u>99,266</u>	<u>-</u>	<u>-</u>
Fund balance			
Nonspendable			
Inventory	130,854	-	-
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Debt service expenditures	-	-	972,426
Capital projects	293,208	526,927	-
Risk management	3,500,309	-	-
Committed to:			
Minimum fund balance	2,710,713	-	-
Unassigned	7,775,905	-	-
Total fund balances	<u>14,410,989</u>	<u>526,927</u>	<u>972,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,793,028</u>	<u>\$ 526,927</u>	<u>\$ 1,032,373</u>

Other Governmental Funds	Total
\$ 2,945,439	\$ 5,271,406
210,000	2,156,238
1,857,634	10,720,692
-	130,854
-	239,507
-	3,486,963
57,736	417,477
82,302	82,302
<u>\$ 5,153,111</u>	<u>\$ 22,505,439</u>
\$ 527,256	\$ 699,751
38,561	1,148,839
119,866	179,813
<u>685,683</u>	<u>2,028,403</u>
-	99,266
-	99,266
-	130,854
125,476	125,476
643,500	643,500
2,098,189	2,098,189
1,691,351	1,691,351
20,766	20,766
-	972,426
-	820,135
-	3,500,309
-	2,710,713
(111,854)	7,664,051
<u>4,467,428</u>	<u>20,377,770</u>
<u>\$ 5,153,111</u>	<u>\$ 22,505,439</u>

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Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015

Total Fund Balance - Governmental Funds	\$ 20,377,770
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets	123,752,164
Less: Accumulated depreciation	(51,833,896)
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be "unavailable" revenue in the fund financial statements, but are considered revenue in the Statement of Activities.	
	99,266
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued Interest	(78,326)
Deferred outflows and inflows relating to pension liabilities are not payable / collectable in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows consist of the following:	
Deferred Outflows	2,964,419
Deferred Inflows	(4,978,961)
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:	
Accrued compensated absences	(842,153)
Bond premiums	(297,049)
Loans payable	(21,672,708)
Pension liability	<u>(16,980,366)</u>
Total net position of governmental activities	<u>\$ 50,510,160</u>

STATE OF NEW MEXICO

Exhibit B-2

City of Gallup

Page 1 of 2

**Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>02/11 Sales Tax Revenue Bonds Capital Projects Fund</u>	<u>Debt Service Fund</u>
Revenues			
Property taxes	\$ 2,374,824	\$ -	\$ 345,472
Gross receipt taxes	21,622,508	-	-
Gas tax	339,498	-	-
Franchise	1,577,196	-	-
Lodger's	-	-	-
State operating grants	183,450	-	-
State capital grants	-	-	143,278
Federal operating grants	30,984	-	-
Federal capital grants			
Charges for services	3,438,885	-	-
Licenses and fees	218,011	-	-
Interest income	233,371	17,552	116,395
Miscellaneous income	588,440	-	-
Total revenue	<u>30,607,167</u>	<u>17,552</u>	<u>605,145</u>
Expenditures			
Current:			
General government	11,099,188	50,374	-
Public safety	11,030,552	-	-
Public works	848,702	-	-
Culture and recreation	3,922,356	-	-
Health and welfare	-	-	-
Capital outlay	5,627,761	-	-
Debt service:			
Principal	-	-	3,375,624
Interest	-	-	842,787
Total expenditures	<u>32,528,559</u>	<u>50,374</u>	<u>4,218,411</u>
Excess (deficiency) of revenues over expenditures	<u>(1,921,392)</u>	<u>(32,822)</u>	<u>(3,613,266)</u>
Other financing sources (uses)			
Transfers in	7,088,995	-	1,850,223
Transfers out	<u>(4,309,818)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,779,177</u>	<u>-</u>	<u>1,850,223</u>
Net change in fund balance	857,785	(32,822)	(1,763,043)
Fund balance - beginning of year	9,307,097	559,749	2,735,469
Restatement (Note 19)	4,246,107	-	-
Fund balance - beginning of year, restated	<u>13,553,204</u>	<u>559,749</u>	<u>2,735,469</u>
Fund balance - end of year	<u>\$ 14,410,989</u>	<u>\$ 526,927</u>	<u>\$ 972,426</u>

Other Governmental Funds	Total
\$ -	\$ 2,720,296
-	21,622,508
1,048,822	1,388,320
-	1,577,196
1,212,040	1,212,040
1,599,933	1,783,383
902,168	1,045,446
415,146	446,130
270,655	3,709,540
-	218,011
-	367,318
113,352	701,792
<u>5,562,116</u>	<u>36,791,980</u>
235,984	11,385,546
319,391	11,349,943
2,090,625	2,939,327
2,332,149	6,254,505
401,641	401,641
-	5,627,761
-	3,375,624
-	842,787
<u>5,379,790</u>	<u>42,177,134</u>
<u>182,326</u>	<u>(5,385,154)</u>
3,096,604	12,035,822
<u>(5,015,214)</u>	<u>(9,325,032)</u>
<u>(1,918,610)</u>	<u>2,710,790</u>
<u>(1,736,284)</u>	<u>(2,674,364)</u>
6,203,712	18,806,027
-	4,246,107
<u>6,203,712</u>	<u>23,052,134</u>
<u>\$ 4,467,428</u>	<u>\$ 20,377,770</u>

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**Reconciliation of the Statement or Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Net Change in Fund Balance - Governmental Funds \$ (2,674,364)

Amounts reported for governmental activities in the statement of activities
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:

Capital Expenditures recorded in capital outlay	5,627,761
Depreciation expense	(2,583,530)

Expenses reported in the statement of activities that do not require the use of
current financial resources and therefore are not reported as expenditures in the
governmental funds:

Decrease in deferred inflows of resources related to property taxes	(47,144)
Net change in inflows / outflows related to pension liability	596,359

The issuance of long-term debt (e.g. bonds, notes, leases) provides current
financial resources to governmental funds, while the repayment of the principal
of long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of premiums and similar items when debt is
first issued, whereas these amounts are deferred and amortized in the statement
of activities:

Decrease in accrued compensated absences	2,790
Decrease in accrued interest	12,154
Principal payments on bonds and loans payable	3,375,624
Amortization of bond premiums	<u>53,697</u>

Change in Net Position of Governmental Activities \$ 4,363,347

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STATE OF NEW MEXICO

Exhibit C-1

City of Gallup

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ 2,354,528	\$ 2,354,528	\$ 2,234,583	\$ (119,945)
Gross receipts	21,175,000	21,175,000	18,135,545	(3,039,455)
Gasoline and Motor vehicle	138,000	138,000	135,853	(2,147)
Other	-	-	-	-
Franchise tax	1,600,000	1,600,000	1,577,196	(22,804)
Intergovernmental income:				
Federal operating grants	-	68,015	30,984	(37,031)
Federal capital grants	-	-	-	-
State operating grants	20,000	250,116	183,450	(66,666)
State capital grants	-	-	-	-
Charges for services	719,000	3,400,000	3,438,885	38,885
Licenses and fees	252,500	252,500	218,011	(34,489)
Interest income (loss)	400,000	400,000	233,371	(166,629)
Miscellaneous	353,250	376,121	588,440	212,319
Total revenue	<u>27,012,278</u>	<u>30,014,280</u>	<u>26,776,318</u>	<u>(3,237,962)</u>
Expenditures				
Current				
General government	10,330,000	10,330,000	10,278,595	51,405
Public safety	10,994,000	10,994,000	10,993,571	429
Public works	900,000	900,000	848,702	51,298
Culture and recreation	3,950,000	3,950,000	3,922,356	27,644
Capital outlay	5,678,000	5,678,000	5,627,761	50,239
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>31,852,000</u>	<u>31,852,000</u>	<u>31,670,985</u>	<u>181,015</u>
Excess (deficiency) of revenues over expenditures	<u>(4,839,722)</u>	<u>(1,837,720)</u>	<u>(4,894,667)</u>	<u>(3,056,947)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	4,839,722	1,837,720		
Transfers in	1,950,000	1,969,469	7,088,995	5,119,526
Transfers out	(4,497,000)	(4,497,000)	(4,309,818)	187,182
Total other financing sources (uses)	<u>(2,547,000)</u>	<u>(2,527,531)</u>	<u>2,779,177</u>	<u>5,306,708</u>
Net Change in fund balance	(7,386,722)	(4,365,251)	(2,115,490)	(2,115,490)
Fund balance - beginning of year	-	-	13,553,204	13,553,204
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,437,714</u>	<u>\$ 11,437,714</u>
Net change in fund balance (non-GAAP budgetary basis)			(2,115,490)	
Adjustments to revenue for taxes			3,830,849	
Adjustment to expenditures for salaries, maintenance, and supplies			(857,574)	
Net Change in fund balance (GAAP basis)			<u>\$ 857,785</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Gallup
Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Joint Utility</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,844,510	\$ 2,168,594	\$ 5,013,104
Investments	28,885,535	3,523,286	32,408,821
Other receivables	245,592	-	245,592
Accounts receivable, net	3,687,175	365,117	4,052,292
Inventory	1,926,447	-	1,926,447
Due from other governments	123,866	-	123,866
Total current assets	<u>37,713,125</u>	<u>6,056,997</u>	<u>43,770,122</u>
Noncurrent assets			
Restricted cash and cash equivalents	27,492,628	11,000	27,503,628
Customer deposits	947,022	-	947,022
Capital Assets	93,984,454	4,279,028	98,263,482
Less: Accumulated depreciation	<u>(37,512,098)</u>	<u>(2,953,674)</u>	<u>(40,465,772)</u>
Total noncurrent assets	<u>84,912,006</u>	<u>1,336,354</u>	<u>86,248,360</u>
Deferred outflows of resources			
Employer contributions subsequent to the measurement date	424,632	96,259	520,891
Total Deferred outflows	<u>424,632</u>	<u>96,259</u>	<u>520,891</u>
Total assets, and deferred outflows of resources	<u>\$ 123,049,763</u>	<u>\$ 7,489,610</u>	<u>\$ 130,539,373</u>

	<u>Joint Utility</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Liabilities, deferred inflows and net position			
Liabilities			
Accounts payable	\$ 995,097	\$ 168,397	\$ 1,163,494
Accrued salaries and benefits	78,822	20,041	98,863
Customer Deposits	947,022	-	947,022
Accrued interest	23,659	-	23,659
Due to other funds		26,355	26,355
Loans payable	2,149,853	-	2,149,853
Compensated absences	150,709	2,077	152,786
Landfill closure liability	-	25,143	25,143
Net pension liability	424,632	79,467	504,099
Total current liabilities	<u>4,769,794</u>	<u>321,480</u>	<u>5,091,274</u>
Noncurrent liabilities			
Notes payable	15,516,396	-	15,516,396
Compensated absences	-	27,154	27,154
Landfill closure liability	-	223,960	223,960
Net pension liability	2,039,272	479,070	2,518,342
Total noncurrent liabilities	<u>17,555,668</u>	<u>730,184</u>	<u>18,285,852</u>
Total Liabilities	<u>22,325,462</u>	<u>1,051,664</u>	<u>23,377,126</u>
Deferred inflows of resources			
Net difference between expected and actual earnings	963,944	218,515	1,182,459
Change in assumption	1,670	378	2,048
Total deferred inflows of resources	<u>965,614</u>	<u>218,893</u>	<u>1,184,507</u>
Net position			
Net investment in capital asset	56,472,356	1,325,354	57,797,710
Restricted for:			
Debt service	8,377,389	-	8,377,389
Capital projects	31,239,327	-	31,239,327
Security deposits	947,022	-	947,022
Unrestricted	2,722,593	4,893,699	7,616,292
Total net position	<u>99,758,687</u>	<u>6,219,053</u>	<u>105,977,740</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 123,049,763</u>	<u>\$ 7,489,610</u>	<u>\$ 130,539,373</u>

City of Gallup

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015**

	<u>Joint Utility</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 32,530,220	\$ 3,987,738	\$ 36,517,958
Total operating revenues	<u>32,530,220</u>	<u>3,987,738</u>	<u>36,517,958</u>
Operating expenses:			
Depreciation and amortization	2,303,854	371,091	2,674,945
COGS (electricity)	10,138,965	-	10,138,965
Personnel services	3,246,335	725,121	3,971,456
Contractual services	10,179,876	2,094,675	12,274,551
Supplies	156,667	86,432	243,099
Maintenance and Materials	3,363,472	317,920	3,681,392
Utilities	408,838	35,075	443,913
Miscellaneous	846,253	33,728	879,981
Total operating expense	<u>30,644,260</u>	<u>3,664,042</u>	<u>34,308,302</u>
Operating income (loss)	<u>1,885,960</u>	<u>323,696</u>	<u>2,209,656</u>
Non-operating revenues (expense):			
Gross receipts taxes	1,560,867	300,645	1,861,512
Interest income	2,044,720	34,975	2,079,695
Interest expense	(330,496)	-	(330,496)
Miscellaneous income (expense)	72,116	-	72,116
Total non-operating revenues (expense)	<u>3,347,207</u>	<u>335,620</u>	<u>3,682,827</u>
Income (loss) before contributions and transfers	<u>5,233,167</u>	<u>659,316</u>	<u>5,892,483</u>
Transfers in	1,785,000	-	1,785,000
Transfers out	(4,218,090)	(277,700)	(4,495,790)
State and federal capital grants	3,782,072	-	3,782,072
State and federal operating grants	-	77,432	77,432
Total contributions and transfers	<u>1,348,982</u>	<u>(200,268)</u>	<u>1,148,714</u>
Change in Net Position	6,582,149	459,048	7,041,197
Net Position, beginning of year	82,053,956	6,583,020	88,636,976
Restatement	11,122,582	(823,015)	10,299,567
Net Position - beginning of the year, restated	<u>93,176,538</u>	<u>5,760,005</u>	<u>98,936,543</u>
Net Position - end of the year	<u>\$ 99,758,687</u>	<u>\$ 6,219,053</u>	<u>\$ 105,977,740</u>

STATE OF NEW MEXICO
City of Gallup
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit D-3

	Joint Utility	Nonmajor Funds	Total
Cash flow form operating activities			
Cash received form customers	\$ 33,428,666	\$ 4,015,704	\$ 37,444,370
Cash payments to employees for services	(3,258,499)	\$ (720,261)	(3,978,760)
Cash payments to suppliers for goods and services	(26,247,684)	\$ (2,500,141)	(28,747,825)
Net cash provided buy operating activities	3,922,483	795,302	4,717,785
Cash flow form noncapital financing activities			
Taxes received	3,026,940	300,645	3,327,585
Miscellaneous	72,116	-	72,116
Governmental contributions	-	77,432	77,432
Transfers	5,749,621	(255,026)	5,494,595
Net cash flows provided by noncapital financing activities	8,848,677	123,051	8,971,728
Cash Flows form capital and related financing activities:			
Interest paid	(333,641)	-	(333,641)
Principal payments	(2,109,442)	-	(2,109,442)
Acquisition of capital assets	(14,497,018)	(494,793)	(14,991,811)
Proceeds form capital governmental contributions	3,658,207	-	3,658,207
Net cash provided (used) by capital and related financing activities	(13,281,894)	(494,793)	(13,776,687)
Cash flows form investing activities			
Proceeds form sale (purchase) of investments	(13,658,870)	(3,523,283)	(17,182,153)
Interest income	2,044,720	34,975	2,079,695
Net cash provided by investing activities	(11,614,150)	(3,488,308)	(15,102,458)
Net increase (decrease) in cash and cash equivalents	(12,124,884)	(3,064,748)	(15,189,632)
Cash & cash equivalents - beginning of year	43,409,044	5,244,342	48,653,386
Cash & cash equivalents - end of year	\$ 31,284,160	\$ 2,179,594	\$ 33,463,754
Reconciliation of operating income (loss to net cash provided (used) by operating activities			
Operating income (loss)	\$ 1,885,960	\$ 323,696	\$ 2,209,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,303,854	371,091	2,674,945
Changes in assets & liabilities:			
Receivables	860,681	27,966	888,647
Inventory	32,529	20,232	52,761
Accounts payable	(1,186,142)	47,457	(1,138,685)
Accrued salaries and benefits	26,743	6,975	33,718
Compensated absences	(38,907)	(2,115)	(41,022)
Customer deposits	37,765	-	37,765
Net change in pension liability	-	-	-
Net cash provided (used) by operating activities	\$ 3,922,483	\$ 795,302	\$ 4,717,785

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

The City of Gallup (City) was founded in 1881. The City is a home rule municipality operating under the powers granted by the constitution and laws of the State of New Mexico. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities (electricity, water, wastewater, and solid waste), health and social services, culture-recreation, education, public improvements, housing, planning and zoning, and general administrative services.

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

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

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City does have a component unit that is required to be reported under GASB Statements No. 14, No. 39, and No. 61.

Discretely presented component unit

The Gallup Housing Authority (the Authority) is responsible for providing low-income public housing services within 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 a Component Unit with a separately issued financial statement.

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.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB 33 and GASB 65. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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, and proprietary funds, Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *02/11 Sales Tax Revenue Bonds Capital Projects Fund* is used to account 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 *Debt Service Fund* accounts for the accumulation of resources for and the payment of, principal and interest for all debt relating to governmental funds. The resources of this fund are generated by the City's share of the gross receipts tax and lodgers' tax.

The City reports the following major proprietary fund:

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities. The Joint Utilities fund is combined with funds that have identical activities for financial statement reporting.

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

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

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

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position Position (continued)

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

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

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

The City estimates the allowance for uncollectible accounts based off the days delinquent and a percentage of current year and prior year write offs. The City has estimated all accounts that are greater than 90 days to be uncollectible as well as a percentage of the accounts that are less than 90 days old.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by McKinley City and remitted monthly to the City.

Inventory: The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position Position (continued)

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the City during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

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

Deferred Inflows of Resources: Governmental funds report deferred inflows of resources for revenue due and receivable but not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, there were property taxes receivable in the amount \$99,266 that were not received within the period of availability, and as required by GASB 65, are classified as deferred inflows.

Pensions: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position Position (continued)

Compensated Absences: The City's employees earn personal leave at a rate of 280 to 392 hours per year based on years of service.

Vacation Pay- 40 hour employees may accumulate a total of 280 hours of vacation a year. 42 hour employees may accumulate a total of 294 hours of vacation a year. 56 hour employees may accumulate a total of 392 hours of vacation a year.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council.

For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2015, the City had \$130,854 of fund balances in nonspendable form related to inventory.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position Position (continued)

Restricted and Committed Fund Balance: At June 30, 2015, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$125,476 for general government, \$643,500 for public safety, \$2,098,189 for public works, \$1,691,351 for culture and recreation, \$20,766 for health and welfare, \$1,032,373 for debt service, \$820,135 for capital projects, \$3,500,309 for risk management. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 18.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures for the upcoming budget year. The City has committed \$3,066,445 for minimum fund balance at June 30, 2015.

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

- a. Net investment in capital assets: This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Net Position is reported as restricted when constraints placed on net position use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, and capital projects" are described on pages 88-89
- c. Unrestricted Net Position: All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the allowance for uncollectible accounts in the joint utilities fund and depreciation on capital assets.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

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

Proprietary fund budgets are prepared on the GAAP basis. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The City does not budget for depreciation expense, only capital outlay.

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

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

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

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

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$41,208,597 of the City's cash and CD account deposits of \$41,458,597 were exposed to custodial credit risk. \$0 of the City's cash and CD account deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name.

	<u>Wells Fargo</u>	<u>Pinnacle Bank</u>	<u>US Bank</u>	<u>Total</u>
Deposits	\$ 34,597,726	\$ 2,860,871	\$ 4,000,000	\$ 41,458,597
Less: FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	34,847,726	\$ 2,610,871	3,750,000	41,208,597
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>42,144,278</u>	<u>5,231,849</u>	<u>4,000,000</u>	<u>51,376,127</u>
Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
Collateral requirements (50% of uninsured funds)	\$ 17,423,863	\$ 1,305,436	\$ 1,875,000	\$ 20,604,299
Pledged Collateral	<u>42,144,278</u>	<u>5,231,849</u>	<u>4,000,000</u>	<u>51,376,127</u>
Over (under) collateralized	<u>\$ 24,720,415</u>	<u>\$ 3,926,413</u>	<u>\$ 2,125,000</u>	<u>\$ 30,771,828</u>

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

Investments

The City's investments at June 30, 2015 include the following:

<u>Investments</u>	<u>Rating*</u>	<u>Weighted Average</u>	<u>Fair Value</u>
Wells Fargo Investments**	Unrated	>2 Years	\$ 14,634,823
Money Market Mutual Funds***	AA+	>1 Year	1,739,840
Federal Home Loan Bank	A-1+	> 6 Years	6,909,041
Federal Farm Credit Bank	AA+	>5 Years	4,056,449
Freddie Mac Discount	AA+	>4 Years	2,877,722
Fannie Mae	AA+	>4 Years	9,305,009
New Mexico Government Bonds	****	>4 Years	3,207,800
Goldman Sachs interest Bearing Bonds	A	>3 Years	251,694
New Mexico Finance Authority	AAA	>5 Years	147,135
			<u><u>\$ 43,129,513</u></u>

* Based Off Standard & Poor's rating

** Wells Fargo Certificates fully covered by securities

*** Wells Fargo Money Market Mutual Funds guaranteed by US Securities

**** Ratings on Municipal bonds Vary, each bond underwritten by and subject to Section 6-10-10(F)(1) and Section 6-13-6, NMSA 1978. Each bond has revenue as security.

The investments are listed on Schedule I of this report.

Interest Rate Risk – Investments. The City has investments in which the maturity date is greater than one year. Schedule I in this report specifically identifies the investment type and amount of investment for these securities. The City's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The City's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Position:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	\$ 5,271,406
Restricted cash and cash equivalents - Governmental Activities per Exhibit A-1	2,156,238
Investments - Governmental Funds per Exhibit A-1	10,720,692
Cash and cash equivalents - Business-type Activities per Exhibit A-1	5,013,104
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1	27,503,628
Customer Deposits - Business-type Activities per Exhibit A-1	947,022
Investments - Business -Type Activities per Exhibit A-1	<u>32,408,821</u>
 Total cash and cash equivalents	 <u>84,020,911</u>
 Add: outstanding checks	 1,151,512
Less: outstanding deposits	(357,431)
Less Petty Cash	(3,567)
Less Cash held at the NMFA	(222,832)
Less : State LGIP Funds	(483)
Less: Other Investments	<u>(43,129,513)</u>
 Bank balance of deposits	 <u><u>\$ 41,458,597</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2015, are as follows:

	Governmental Funds	Proprietary Funds
Property taxes	\$ 239,507	\$ -
Gross receipts taxes	3,414,383	245,592
Franchise tax	72,580	-
Gasoline tax	203,645	-
Other receivables:		
Customer Receivables	-	4,427,374
State Grants	57,735	41,788
Miscellaneous	156,097	210,821
Total gross receivables	<u>4,143,947</u>	<u>4,925,575</u>
 Less: allowance for customer receivables	 -	 (627,691)
Receivables, Net	<u><u>\$ 4,143,947</u></u>	<u><u>\$ 4,297,884</u></u>

Receivables for governmental activities are considered to be 100% collectible at June 30, 2015.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Deferred inflows of resources related to property taxes receivable for the City for the year ended June 30, 2015 was \$99,266.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 5. Transfers and Interfund Receivables

Net operating transfers were made during the year for supplementing other funding in the normal course of operations, and also for the purposes to retire debt related to the advanced refunding of bonds. These transfers were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Gallup Express Bussing System	General Fund	\$ 19,469
Solid Waste	General Fund	175,500
Joint Utility	General Fund	1,774,500
Airport	General Fund	116,797
Public Works	General Fund	221,073
Joint Utility	General Fund	36,376
Fire Protection	General Fund	241,674
Municipal Street	General Fund	279,677
Intergovernmental Grants	General Fund	307,340
CDBG	General Fund	240,421
Airport	General Fund	497,418
Joint Utility	General Fund	283,747
Public Works	General Fund	2,895,002
Fire Protection	Debt Service	140,620
General Fund	Senior Citizens	589,216
General Fund	Airport	190,000
General Fund	Joint Utility	1,735,000
General Fund	Public Works	25,000
General Fund	Lodgers Tax	61,000
		1,709,602
Joint Utility	Municipal Street	1,600,000
Municipal Street	Public Works	54,000
Solid Waste	Public Works	52,200
Joint Utility	Public Works	523,465
Senior Citizens	Legislative Appropriations	1,723
Solid Waste	Joint Utility	50,000
		<u>\$ 13,820,820</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 5. Transfers and Interfund Receivables (continued)

The City records temporary interfund receivables and payables to enable funds to operate until grant monies are received. All interfund balances are to be repaid within one year.

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund		
Joint Utility	Gallup Detox	\$ 44,866
Joint Utility	Legislative Appropriations	75,000
Joint Utility	General Fund	4,000
Lodgers Tax	General Fund	55,947
Lodgers Tax	Rodeo	26,355
		<u>\$ 206,168</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land is not subject to depreciation.

	<u>Balance June 30, 2014</u>	<u>June 30, 2014 Restatement</u>	<u>June 30, 2014 Restated</u>	<u>Additions</u>	<u>Balance June 30, 2015</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 8,166,351	\$ 808,690	\$ 8,975,041	\$ 47,856	\$ 9,022,897
Total capital assets, not depreciated	8,166,351	808,690	8,975,041	47,856	9,022,897
Capital assets depreciated:					
Buildings	82,744,270	(50,933,785)	31,810,485	2,941,007	34,751,492
Other improvements	-	1,589,333	1,589,333		1,589,333
Equipment	18,733,972	(9,708,229)	9,025,743	719,720	9,745,463
Infrastructure	44,556,285	22,167,516	66,723,801	1,919,178	68,642,979
Total capital assets, depreciated	<u>146,034,527</u>	<u>(36,885,165)</u>	<u>109,149,362</u>	<u>5,579,905</u>	<u>114,729,267</u>
Less accumulated depreciation:					
Buildings	28,803,351	(21,562,669)	7,240,682	73,525	7,314,207
Other improvements	-	518,382	518,382	-	518,382
Equipment	22,102,975	(15,337,723)	6,765,252	793,931	7,559,183
Infrastructure	15,542,944	19,183,106	34,726,050	1,716,074	36,442,124
Total accumulated depreciation	<u>66,449,270</u>	<u>(17,198,904)</u>	<u>49,250,366</u>	<u>2,583,530</u>	<u>51,833,896</u>
Capital Assets, Net	<u>\$ 87,751,608</u>				<u>\$ 71,918,268</u>

There were no deletions of capital assets in the fiscal year 2015. Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

General Government	\$ 909,806
Public Safety	906,961
Public Works	234,878
Culture and Recreation	499,790
Health and welfare	32,095
Total depreciation expense, governmental activities	<u>\$ 2,583,530</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets (continued)

Business-type activities:	Balance June 30, 2014	June 30, 2014 Restatement	June 30, 2014 Restated	Additions	Balance June 30, 2015
Capital assets not depreciated:					
Land	\$ 483,908	\$ 2,054,422	\$ 2,538,330	\$ -	\$ 2,538,330
Construction in progress	-	105,836	105,836	7,936,556	8,042,392
Total capital assets not depreciated	<u>483,908</u>	<u>2,160,258</u>	<u>2,644,166</u>	<u>7,936,556</u>	<u>10,580,722</u>
Capital asset depreciated:					
Buildings	35,830,140	(5,030,073)	30,800,067	-	30,800,067
Other improvements	-	533,386	533,386	-	533,386
Equipment	13,565,895	(5,951,144)	7,614,751	911,061	8,525,812
Infrastructure	55,077,490	(13,397,890)	41,679,600	6,143,895	47,823,495
Total capital assets, depreciated	<u>104,473,525</u>	<u>(23,845,721)</u>	<u>80,627,804</u>	<u>7,054,956</u>	<u>87,682,760</u>
Less accumulated depreciation:					
Buildings	15,007,469	(4,851,417)	10,156,052	725,566	10,881,618
Other improvements		100,849	100,849	13,302	114,151
Equipment	10,231,717	(4,873,787)	5,357,930	765,758	6,123,688
Infrastructure	26,177,358	(4,001,362)	22,175,996	1,170,319	23,346,315
Total accumulated depreciation	<u>51,416,544</u>	<u>(13,625,717)</u>	<u>37,790,827</u>	<u>2,674,945</u>	<u>40,465,772</u>
Capital Assets, Net	<u>\$ 53,540,889</u>				<u>\$ 57,797,710</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt

Governmental Activities

The following debt issuances were outstanding during fiscal year 2015 for governmental funds:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2015</u>
General Obligation Bonds:					
GO Bonds Series 2011	2/24/2011	6/30/2021	2-4%	\$ 3,630,000	\$ 1,410,000
				<u>\$ 3,630,000</u>	<u>\$ 1,410,000</u>
Sales Tax Revenue Bonds:					
Capital Projects Sales Tax Revenue Series 2004B	2/19/2004	6/1/2015	2.00-4.75%	\$ 4,095,000	\$ -
Infrastructure Sales Tax Revenue Bond Series 2010A	6/30/2010	6/1/2030	3.00-5.125%	11,910,000	9,780,000
Infrastructure Sales Tax Revenue Bond Series 2010B	6/30/2010	6/1/2016	2.00-4.00%	3,520,000	630,000
GRT Refunding Revenue Bonds Series 2012	9/27/2012	6/1/2024	2.17%	9,325,000	8,890,000
				<u>\$ 28,850,000</u>	<u>\$ 19,300,000</u>
Notes Payable:					
NMFA 4 - Westside Fire Station	6/29/1905	5/1/2023	3.42%	\$ 1,452,605	\$ 962,708
				<u>\$ 1,452,605</u>	<u>\$ 962,708</u>
Total Long Term Debt				<u>\$ 33,932,605</u>	<u>\$ 21,672,708</u>

Activity for the above debt issuances and compensated absences is as follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
GO Bonds	\$ 2,000,000	\$ -	\$ 590,000	\$ 1,410,000	\$ 615,000
Revenue Bonds	21,985,000	-	2,685,000	19,300,000	2,015,000
NMFA Loans	1,063,332	-	100,624	962,708	104,528
Compensated Absences	844,943	282,582	285,372	842,153	258,372
Total Long Term Debt	<u>\$ 25,893,275</u>	<u>\$ 282,582</u>	<u>\$ 3,660,996</u>	<u>\$ 22,514,861</u>	<u>\$ 2,992,900</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

General Obligation Bonds

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 principal is paid annually each August and interest is paid semi-annually in August and February. The general obligation bonds are as follows:

The annual requirements to amortize the general obligation bond as of June 30, 2015, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 615,000	\$ 38,075	\$ 653,075
2017	145,000	26,675	171,675
2018	150,000	22,250	172,250
2019	160,000	16,800	176,800
2020	170,000	10,200	180,200
2021-2025	170,000	3,400	173,400
	<u>\$ 1,410,000</u>	<u>\$ 117,400</u>	<u>\$ 1,527,400</u>

Sales Tax Revenue Bonds

The City 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 is \$28,850,000. 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 has varying interest rates that range from 2.0% to 5.125%. The sales tax revenue bonds are as follows:

The annual requirements to amortize the sales tax revenue bonds as of June 30, 2015 including interest payments, are follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 2,015,000	\$ 625,896	\$ 2,640,896
2017	1,430,000	557,057	1,987,057
2018	1,475,000	511,103	1,986,103
2019	1,515,000	474,697	1,989,697
2020	1,560,000	425,569	1,985,569
2021-2025	7,380,000	1,463,303	8,843,303
2026-2030	3,925,000	527,833	4,452,833
Total	<u>\$ 19,300,000</u>	<u>\$ 4,585,457</u>	<u>\$ 23,885,457</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

Notes Payable

The City has issued low interest rate loans provided by intergovernmental agencies for the acquisition of minor equipment needs and construction of major capital facilities. The City has 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 3.42% to 3.86%. The term of the loan is sixteen (16) years with payments commencing November 2008. Principal is paid annually each May and interest is paid semi-annually each November and May.

The annual requirements to amortize the note payable as of June 30, 2015, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 104,528	\$ 36,353	\$ 140,881
2017	108,615	32,538	141,153
2018	112,905	28,530	141,435
2019	117,410	24,318	141,728
2020	122,141	19,892	142,033
2021-2025	397,109	30,962	428,071
Total	<u>\$ 962,708</u>	<u>\$ 172,593</u>	<u>\$ 1,135,301</u>

Compensated Absences- Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year as described in Note 1 D. During fiscal year June 30, 2015, compensated absences decreased \$2,790 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

Business-type Activities

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following debt issuances were outstanding during fiscal year 2015 for proprietary funds:

	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2015</u>
General Obligation Bonds:					
Refunding Revenue Bonds series 2012	9/27/2012	6/1/2025	1.94%	\$ 20,290,000	\$ 14,635,000
				<u>\$ 20,290,000</u>	<u>\$ 14,635,000</u>
Notes Payable:					
NMFA Gallup 9 - Navajo Gallup Water Supply	3/22/2013	6/1/1932	0.00%	\$ 1,515,534	\$ 1,423,516
NMFA Gallup 8 - Storage Tank Pipeline	10/19/2012	6/1/1932	0.00%	1,748,652	1,607,733
				<u>\$ 3,264,186</u>	<u>\$ 3,031,249</u>
Total Long Term Debt				<u>\$ 23,554,186</u>	<u>\$ 17,666,249</u>

Activity during the fiscal year ending June 30, 2015 for the above debt issuances, landfill liability, and compensated absences was as follows:

	<u>Balance June 30, 2014</u>	<u>Restatement</u>	<u>Balance June 30, 2014 restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 16,580,000	\$ -	\$ 16,580,000	\$ -	\$ 1,945,000	\$ 14,635,000	\$ 1,985,000
Notes Payable	3,195,691	-	3,195,691	-	164,442	3,031,249	164,853
Landfill Closure Liability	326,857	(77,754)	249,103	-	-	249,103	25,143
Compensated Absences	220,962	-	220,962	111,764	152,786	179,940	152,786
Total Long Term Debt	<u>\$ 20,323,510</u>	<u>\$ (77,754)</u>	<u>\$ 20,245,756</u>	<u>\$ 111,764</u>	<u>\$ 2,262,228</u>	<u>\$ 18,095,292</u>	<u>\$ 2,327,782</u>

Revenue Bonds

The City issues bonds where the City pledges income derived from the net revenues from the operations of the municipal joint water and sewer distribution systems. A Revenue bond has been issued for business-type activities. The original amount of this revenue bond issued was \$20,290,000. These bonds provided funds for the completion of many capital improvement projects for the City's water and wastewater distribution systems. The interest rate on this bond is 1.94%.

The annual requirements to amortize the sales tax revenue bond as of June 30, 2015, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 1,985,000	\$ 283,919	\$ 2,268,919
2017	2,020,000	245,410	2,265,410
2018	2,065,000	206,222	2,271,222
2019	1,765,000	166,161	1,931,161
2020	1,795,000	131,920	1,926,920
2021-2025	5,005,000	285,083	5,290,083
Total	<u>\$ 14,635,000</u>	<u>\$ 1,318,715</u>	<u>\$ 15,953,715</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

Business-type Activities (continued)

Notes Payable

The City has issued zero interest rate loans provided by intergovernmental agencies for the construction of major capital facilities. The Joint Utilities Fund received a loan of \$1,748,652 from the New Mexico Finance Authority. These funds secured the construction of a storage tank pipeline. The loan closed on October 19, 2012, and the City's first payment was due on June 1, 2013. The loan will be repaid over a twenty (20) year period. The loan is interest free, however, the City will pay administrative fees over the life of the loan of approximately \$2,269 annually.

Also, the Joint Utilities Fund received a loan of \$1,515,534 from the New Mexico Finance Authority. These funds secured the construction of the Navajo Gallup Water Supply. The loan closed on March 22, 2013, and the City's first payment was due on June 1, 2013. The loan will be repaid over a twenty (20) year period. The loan is interest free, however, the City will pay administrative fees over the life of the loan of approximately \$1,889 annually.

The annual requirements to amortize notes payable as of June 30, 2015, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 164,853	\$ 7,578	\$ 172,431
2017	165,265	7,166	172,431
2018	165,678	6,753	172,431
2019	166,092	6,339	172,431
2020	166,507	5,923	172,430
2021-2025	838,801	23,352	862,153
2026-2030	849,338	12,814.58	862,153
2031-2035	514,715	2,575.72	517,291
Total	<u>\$ 3,031,249</u>	<u>\$ 72,501</u>	<u>\$ 3,103,750</u>

Compensated Absences - Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year as described in Note 1 D. During fiscal year June 30, 2015, compensated absences decreased \$41,022 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

Landfill Liability: As of November 7, 2013 the City had a cost estimate to conduct post-closure care activities at the former Gallup Landfill (landfill) for the remainder of the post-closure care period. The present value at that time amortized over 14 years at a discount rate of 4.125% is \$263,376. This liability will be offset by costs the city incurs relating to; Performing landfill inspections, record keeping, and reporting in accordance with the post-closure care plan; performing maintenance on the final landfill cover and site vegetation; inspecting and repairing site fencing and/or security; Performing environmental monitoring including landfill gas and groundwater; and A contingency for installing one new groundwater monitoring well within the landfill vicinity.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

Operating Leases

Operating Leases - The City has several operating leases for golf carts as of year-end June 30, 2015. The required lease payments related to these golf carts are as follows:

Fiscal Year Ended June 30, 2015	Principal
2015	\$12,984

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool. The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2015, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The City is not aware of any major lawsuits that have been filed.

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

NOTE 9. Other Required Individual Fund Disclosures

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

- A.** Deficit fund balance of individual funds. The following funds had deficit fund balances as of June 30, 2015:

Fund	Amount
Gallup Detox	\$ (44,866)
Business Improvement District	(11,749)
Airport	(2,728)
Legislative Appropriations	(52,511)
Rodeo Proprietary Fund	(42,283)
Total	\$ (154,137)

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association

General Information about the Pension Plan

Plan description:

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions

The contribution requirements of defined benefit plan members are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf.

The PERA coverage options that apply to the City are: Municipal General, Municipal Police, and Municipal Fire, Statutorily required contributions to the pension plan from the City were \$3,485,226 and employer paid member benefits that were “picked up” by the employer were \$1,553,457 for the year ended June 30, 2015.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For PERA Fund Division Municipal General, at June 30, 2015, the City reported a liability of \$8,143,540 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 1.0439 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal General pension expense of \$1,403,467 (includes estimated allocated business funds amount) At June 30, 2015, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	5,519
Net difference between projected and actual earnings on pension plan investments	-	3,185,968
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	<u>1,403,467</u>	<u>-</u>
Total	<u>\$ 1,403,467</u>	<u>\$ 3,191,487</u>

\$1,403,467 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 797,865
2017	797,865
2018	797,865
2019	797,865
2020	27
Thereafter	<u>-</u>
Total	<u>\$ 3,191,487</u>

**STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015**

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For PERA Fund Division Municipal Police, at June 30, 2015, the City reported a liability of \$4,984,700 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 1.5291 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal Police pension expense of \$1,083,660. At June 30, 2015, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	404,927
Net difference between projected and actual earnings on pension plan investments	-	1,853,531
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	<u>1,083,660</u>	<u>-</u>
Total	<u>\$ 1,083,660</u>	<u>\$ 2,258,458</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,083,660 reported as deferred outflows of resources related to pensions resulting from The City's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 564,111
2017	564,111
2018	564,111
2019	564,111
2020	2,015
Thereafter	-
Total	<u>\$ 2,258,459</u>

For PERA Fund Division Municipal Fire, at June 30, 2015, the City reported a liability of \$6,874,567 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 1.6470 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal Fire pension expense of \$998,183. At June 30, 2015, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	238,648	-
Net difference between projected and actual earnings on pension plan investments	-	952,171
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	998,183	-
Total	<u>\$ 1,236,831</u>	<u>\$ 952,171</u>

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$998,183 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ 178,678
2017	178,678
2018	178,678
2019	178,678
2020	(1,189)
Thereafter	<u>-</u>
Total	<u>\$ 713,523</u>

Valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 15,352,405	\$ 8,143,540	\$ 2,574,348
<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 9,505,830	\$ 4,984,700	\$ 1,608,833
<u>PERA Fund Division Municipal Fire</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 9,713,249	\$ 6,874,567	\$ 4,780,930

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 10. Pension Plan- Public Employees Retirement Association (continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

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

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

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

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

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

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board. The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHC for the years ended June 30, 2015, 2014, and 2013 were \$382,734, \$294,076 and \$313,203, respectively, which equal the required contributions for each year.

NOTE 12. Retirement Plan

The City provides two 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/City Managers Association (ICMA) Retirement Corporation administer the individual plans. Employee contributions totaled \$288,133 for Nationwide and \$7,800 for ICMA for the year ended June 30, 2015.

NOTE 13. Labor Unions

The City has three labor unions: United Mine Workers of America (UMWA), Gallup Police Officers Association, and Gallup Firefighters union. The UMWA agreement went into effect on January 8, 2013. Employees covered under this plan are non-probationary laborers as specified in the contract. The Police agreement went into effect on November 14, 2013. Employees covered under this plan include nonprobationary uniformed police officers up to the rank of sergeant. The Firefighters collective bargaining agreement went into effect June 10, 2014. 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
June 30, 2015

NOTE 14. Contingent Liabilities

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured by the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2015.

NOTE 15. Federal and State Grants

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

NOTE 16. Landfill Closure and Post Closure Care Costs

State and Federal laws and regulations require that the City place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. As of June 30, 2015, 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 \$326,857 as of prior year, however, the City recognized a change in estimate in the amount (\$77,754) in the current year decreasing the landfill liability to \$249,103. At during the fiscal year ended June 30, 2015 the city incurred no costs related to landfill closure and post closure care costs resulting in no change in the liability. The primary source of repayment will be from Gross Receipts Tax.

NOTE 17. Construction and Other Significant Commitments

The City does not have any construction at June 30, 2015. However, the City does have a significant commitment related to a Joint Powers Agreement reported at Schedule IV in the amount of \$85,000,000. The intent of this agreement is to establish a commitment and mechanism by which the City and City can provide a portion of the non-federal matching funding to pay for the Navajo-Gallup Water Supply Project which will provide water to the City of Gallup and surrounding areas, including private and Tribal lands. However, this commitment is contingent upon certain criteria and may not take place if these criteria are not met.

NOTE 18. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 10, 2015, which is the date on which the financial statements were available to be issued.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 19. Restatements

Fund Name	Net position / Fund Balance June 30, 2014	Reclassification of Fund Financial Statements	Prior Period Expenses, Revenues and Transfers	Capital Assets	Pension Liability	Long-Term Debt	Restated Net Position/Fund Balance June 30, 2014
Government Wide Restatements:							
Governmental Activities	\$ 105,953,925	\$ (18,262,024)	\$ (3,672,609)	\$ (18,877,571)	\$ (18,994,908)	\$ -	\$ 46,146,813
Business-type Activities	88,636,977	18,262,024	3,861,090	(8,059,746)	(3,686,057)	(77,745)	98,936,543
Total	194,590,902	-	188,481	(26,937,317)	(22,680,965)	(77,745)	145,083,356
Major Governmental Funds Restatements:							
General Fund	9,307,097	3,961,365	284,742	-	-	-	13,553,204
Total Major Governmental Funds	9,307,097	3,961,365	284,742	-	-	-	13,553,204
Proprietary Fund Restatements:							
Joint Utility	82,053,956	18,262,024	3,705,591	(7,840,147)	(3,004,886)	-	93,176,538
Solid Waste	5,654,944	-	155,499	(21,053)	(562,343)	(77,745)	5,149,302
Fitness Center	632,843	-	-	(198,546)	(118,828)	-	315,469
Rodeo	(39,699)	-	-	-	-	-	(39,699)
Gamerico	334,933	-	-	-	-	-	334,933
Total Proprietary Fund Restatements	88,636,977	18,262,024	3,861,090	(8,059,746)	(3,686,057)	(77,745)	98,936,543

The following fund balances were reclassified between governmental and proprietary funds so the respective fund responsible for the debt service and capital outlay reported balances in the correct fund classification as of June 30, 2015:

From	To	Amount
Environmental Surcharge	Joint Utility	\$ 13,998,319
Navajo Gallup Water Project	Joint Utility	2,215,599
Navajo Gallup Water Project County	Joint Utility	1,083,333
Navajo Gallup Water Project - City	Joint Utility	1,000,000
Infrastructure GRT	Joint Utility	1,953,065
1/4% Infrastructure GRT	Joint Utility	1,717,597
Joint Utility	General Fund	3,705,889
11/00 Sales Tax Revenue Bonds	General Fund	47,673
08/03 General Obligation Bonds	General Fund	38,819
02/04 Sales Nontax Revenue Bonds	General Fund	2,908
02/04 Sales Tax Revenue Bonds	General Fund	166,076
02/04 Sales Tax Revenue Bonds	Debt Service Fund	1,021,185
NMFA Loans	Debt Service Fund	132,517
06/10 Sales Tax Revenue Bonds	Debt Service Fund	93,754
02/11 General Obligation Bonds	Debt Service Fund	1,215,750
09/12 GRT Refunding Revenues	Debt Service Fund	238,401

Total prior period adjustments were made for transfers from Governmental Activities to Business-type activities in the amount of \$3,672,610. Further prior period adjustments were made to Business-type activities in the amount of \$188,481 for other revenues.

The City employed a professional company to perform a reconciliation of their capital assets as of June 30, 2014, resulting in adjustments to capital assets for Governmental Activities and Business-type Activities in the amount of \$(18,877,571) and \$(8,059,746) respectively.

STATE OF NEW MEXICO
City of Gallup
Notes to the Financial Statements
June 30, 2015

NOTE 19. Restatements (continued)

During the year, the City adopted GASB Statement No. 68, for pension fund liabilities. The effect of GASB 68 is reflected in the Statement of Activities as a restatement to net position in both Governmental and Business-type Activities in the amount of \$(18,994,908) and \$(3,686,057), respectively.

NOTE 20. Subsequent Pronouncements

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations* was issued, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is still evaluating how this standard will affect the City.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* was issued, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard was implemented during fiscal year June 30, 2015.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Gallup
Nonmajor Fund Description
June 30, 2015

SPECIAL REVENUE FUNDS

Corrections Fees 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) 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 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 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.

Library 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.

Lodger's Tax 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 Street accounts for resources received from the one-cent gasoline tax imposed by Section 71-6.27 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 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 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 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).

Gallup Express Busing System accounts for funding from state and city to support the operations of the Gallup Express Busing System.

STATE OF NEW MEXICO
City of Gallup
Nonmajor Fund Description
June 30, 2015

Gallup Detox accounts for funding from McKinley liquor excise tax to support building maintenance upgrades.

Community Development Block Grant (CDBG) accounts for the accumulation of resources received from the U.S. Department of Housing and Urban Development (Federal CFDA 14.228). These funds are a part of the comprehensive housing program of rehabilitation and new construction (Resolution R2002-10).

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

CAPITAL PROJECTS FUNDS

Airport accounts for the costs associated with Airport improvements.

Public Works 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.

Legislative Appropriations 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.

PROPRIETARY FUNDS

Solid Waste 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.

Fitness Center 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.

Rodeo 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.

Gamerico accounts for the operation of wastewater, water, and solid waste collection services to the residents of the township of Gamerico. Activities of the fund include administration, operation, and maintenance of the distribution system. The fund also accounts for the accumulation

STATE OF NEW MEXICO
City of Gallup
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue</u>			
	<u>Corrections</u>	<u>EMS</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>
Assets				
Cash and cash equivalents	\$ 287,676	\$ 5,004	\$ 315,290	\$ 35,530
Restricted cash	-	-	-	-
Investments	-	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 287,676</u>	<u>\$ 5,004</u>	<u>\$ 315,290</u>	<u>\$ 35,530</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	287,676	5,004	315,290	35,530
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>287,676</u>	<u>5,004</u>	<u>315,290</u>	<u>35,530</u>
Total liabilities and fund balance	<u>\$ 287,676</u>	<u>\$ 5,004</u>	<u>\$ 315,290</u>	<u>\$ 35,530</u>

Special Revenue

<u>Library</u>	<u>Lodger's Tax</u>	<u>Municipal Street</u>	<u>Juvenile Recreation</u>	<u>Intergovernmental Grants</u>	<u>Senior Citizens</u>
\$ 100,215	\$ 597,488	\$ 354,430	\$ 17,452	\$ 101,638	\$ 32,813
-	-	210,000	-	-	-
-	928,817	928,817	-	-	-
-	-	15,958	-	-	-
-	82,302	-	-	-	-
<u>\$ 100,215</u>	<u>\$ 1,608,607</u>	<u>\$ 1,509,205</u>	<u>\$ 17,452</u>	<u>\$ 101,638</u>	<u>\$ 32,813</u>
\$ -	\$ 34,923	\$ 9,831	\$ -	\$ 537	\$ 1,881
-	-	28,395	-	-	10,166
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 34,923</u>	<u>\$ 38,226</u>	<u>\$ -</u>	<u>\$ 537</u>	<u>\$ 12,047</u>
-	-	-	-	101,101	-
-	-	-	-	-	-
-	-	1,470,979	-	-	-
100,215	1,573,684	-	17,452	-	-
-	-	-	-	-	20,766
-	-	-	-	-	-
<u>100,215</u>	<u>1,573,684</u>	<u>1,470,979</u>	<u>17,452</u>	<u>101,101</u>	<u>20,766</u>
<u>\$ 100,215</u>	<u>\$ 1,608,607</u>	<u>\$ 1,509,205</u>	<u>\$ 17,452</u>	<u>\$ 101,638</u>	<u>\$ 32,813</u>

STATE OF NEW MEXICO
City of Gallup
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue			
	Gallup Express Busing System	Gallup Detox	CDBG	Business Improvement District
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 24,375	\$ 59,474
Restricted cash	-	-	-	-
Investments	-	-	-	-
Other receivables	-	-	-	41,778
Due from other funds	-	-	-	-
Total assets	\$ -	\$ -	\$ 24,375	\$ 101,252
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 113,001
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	44,866	-	-
Total liabilities	\$ -	\$ 44,866	\$ -	\$ 113,001
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	24,375	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Unassigned	-	(44,866)	-	(11,749)
Total fund balance	-	(44,866)	24,375	(11,749)
Total liabilities and fund balance	\$ -	\$ -	\$ 24,375	\$ 101,252

Capital Projects				Total Other Governmental Funds
Airport	Public Works	Legislative Appropriations		
\$ 114,069	\$ 877,496	\$ 22,489	\$ 2,945,439	
-	-	-	210,000	
-	-	-	1,857,634	
-	-	-	57,736	
-	-	-	82,302	
<u>\$ 114,069</u>	<u>\$ 877,496</u>	<u>\$ 22,489</u>	<u>\$ 5,153,111</u>	
\$ 116,797	\$ 250,286	\$ -	\$ 527,256	
-	-	-	38,561	
-	-	75,000	119,866	
<u>\$ 116,797</u>	<u>\$ 250,286</u>	<u>\$ 75,000</u>	<u>\$ 685,683</u>	
-	-	-	125,476	
-	-	-	643,500	
-	627,210	-	2,098,189	
-	-	-	1,691,351	
-	-	-	20,766	
(2,728)	-	(52,511)	(111,854)	
<u>(2,728)</u>	<u>627,210</u>	<u>(52,511)</u>	<u>4,467,428</u>	
<u>\$ 114,069</u>	<u>\$ 877,496</u>	<u>\$ 22,489</u>	<u>\$ 5,153,111</u>	

STATE OF NEW MEXICO
City of Gallup
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	<u>Special Revenue</u>			
	<u>Corrections</u>	<u>EMS</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	16,111	477,862	64,200
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	102,208	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	111	-	149
Total revenue	<u>102,208</u>	<u>16,222</u>	<u>477,862</u>	<u>64,349</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	156,168	5,967	125,487	31,769
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>156,168</u>	<u>5,967</u>	<u>125,487</u>	<u>31,769</u>
Excess (deficiency) of revenues over expenditures	<u>(53,960)</u>	<u>10,255</u>	<u>352,375</u>	<u>32,580</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(382,294)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(382,294)</u>	<u>-</u>
Net change in fund balance	(53,960)	10,255	(29,919)	32,580
Fund balance - beginning of year	341,636	(5,251)	345,209	2,950
Fund balance - end of year	<u>\$ 287,676</u>	<u>\$ 5,004</u>	<u>\$ 315,290</u>	<u>\$ 35,530</u>

Special Revenue

Library	Lodger's Tax	Municipal Street	Juvenile Recreation	Intergovernmental Grants	Senior Citizens
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,048,822	-	-	-
-	1,212,040	-	-	-	-
83,422	-	130,000	-	200,000	125,481
-	-	-	-	-	-
-	-	-	-	35,667	112,553
6,289	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	66,706	46,386
<u>89,711</u>	<u>1,212,040</u>	<u>1,178,822</u>	<u>-</u>	<u>302,373</u>	<u>284,420</u>
-	-	-	-	235,984	-
-	-	-	-	-	-
-	-	1,892,345	-	-	-
88,646	1,175,257	-	-	-	872,734
-	-	-	-	-	-
-	-	-	-	-	-
<u>88,646</u>	<u>1,175,257</u>	<u>1,892,345</u>	<u>-</u>	<u>235,984</u>	<u>872,734</u>
<u>1,065</u>	<u>36,783</u>	<u>(713,523)</u>	<u>-</u>	<u>66,389</u>	<u>(588,314)</u>
-	61,000	1,600,000	-	-	589,216
-	-	(333,677)	-	(307,340)	(1,723)
-	61,000	1,266,323	-	(307,340)	587,493
<u>1,065</u>	<u>97,783</u>	<u>552,800</u>	<u>-</u>	<u>(240,951)</u>	<u>(821)</u>
<u>99,150</u>	<u>1,475,901</u>	<u>918,179</u>	<u>17,452</u>	<u>342,052</u>	<u>21,587</u>
<u>\$ 100,215</u>	<u>\$ 1,573,684</u>	<u>\$ 1,470,979</u>	<u>\$ 17,452</u>	<u>\$ 101,101</u>	<u>\$ 20,766</u>

STATE OF NEW MEXICO
City of Gallup
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			
	Gallup Express Busing System	Gallup Detox	CDBG	Business Improvement District
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	27,261	-	162,252
State capital grants	-	-	-	-
Federal operating grants	-	-	266,926	-
Charges for services	-	-	-	162,158
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenue	-	27,261	266,926	324,410
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	195,512
Health and welfare	-	401,641	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	401,641	-	195,512
Excess (deficiency) of revenues over expenditures	-	(374,380)	266,926	128,898
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(19,469)	-	(240,421)	-
Total other financing sources (uses)	(19,469)	-	(240,421)	-
Net change in fund balance	(19,469)	(374,380)	26,505	128,898
Fund balance - beginning of year	19,469	329,514	(2,130)	(140,647)
Fund balance - end of year	\$ -	\$ (44,866)	\$ 24,375	\$ (11,749)

Capital Projects			Total Other Governmental Funds
Airport	Public Works	Legislative Appropriations	
\$ -	\$ -	\$ -	\$ -
-	-	-	1,048,822
-	-	-	1,212,040
313,344	-	-	1,599,933
-	902,168	-	902,168
-	-	-	415,146
-	-	-	270,655
-	-	-	-
-	-	-	113,352
<u>313,344</u>	<u>902,168</u>	<u>-</u>	<u>5,562,116</u>
-	-	-	235,984
-	-	-	319,391
12	156,760	41,508	2,090,625
-	-	-	2,332,149
-	-	-	401,641
-	-	-	-
-	-	-	-
<u>12</u>	<u>156,760</u>	<u>41,508</u>	<u>5,379,790</u>
<u>313,332</u>	<u>745,408</u>	<u>(41,508)</u>	<u>182,326</u>
190,000	654,665	1,723	3,096,604
(614,215)	(3,116,075)	-	(5,015,214)
<u>(424,215)</u>	<u>(2,461,410)</u>	<u>1,723</u>	<u>(1,918,610)</u>
(110,883)	(1,716,002)	(39,785)	(1,736,284)
<u>108,155</u>	<u>2,343,212</u>	<u>(12,726)</u>	<u>6,203,712</u>
<u>\$ (2,728)</u>	<u>\$ 627,210</u>	<u>\$ (52,511)</u>	<u>\$ 4,467,428</u>

STATE OF NEW MEXICO

Statement B-1

City of Gallup

Corrections

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	86,000	86,000	102,208	16,208
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	2,500	2,500	-	(2,500)
Total revenue	88,500	88,500	102,208	13,708
Expenditures				
Current				
General government	-	-	-	-
Public safety	88,500	157,000	156,168	832
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Interest	-	-	-	-
Total expenditures	88,500	157,000	156,168	832
Excess (deficiency) of revenues over expenditures	-	(68,500)	(53,960)	14,540
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	68,500	-	(68,500)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	(68,500)	(53,960)	14,540
Fund balance - beginning of year	-	-	341,636	341,636
Fund balance - end of year	\$ -	\$ -	\$ 287,676	\$ 287,676
Net change in fund balance (non-GAAP budgetary basis)			(53,960)	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ (53,960)	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Gallup
EMS

Statement B-2

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	13,500	16,111	16,111	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	2,500	2,500	111	(2,389)
Total revenue	<u>16,000</u>	<u>18,611</u>	<u>16,222</u>	<u>(2,389)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	13,500	12,384	5,967	6,417
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>13,500</u>	<u>12,384</u>	<u>5,967</u>	<u>6,417</u>
Excess (deficiency) of revenues over expenditures	<u>2,500</u>	<u>6,227</u>	<u>10,255</u>	<u>4,028</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(2,500)	(6,227)	-	6,227
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	2,500	6,227	10,255	10,255
Fund balance - beginning of year	-	-	(5,251)	(5,251)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,004</u>	<u>\$ 5,004</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>10,255</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 10,255</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-3

City of Gallup

Fire Protection

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	400,000	400,000	477,862	77,862
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	3,000	3,000	-	(3,000)
Total revenue	<u>403,000</u>	<u>403,000</u>	<u>477,862</u>	<u>74,862</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	403,000	646,463	125,487	520,976
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>403,000</u>	<u>646,463</u>	<u>125,487</u>	<u>520,976</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(243,463)</u>	<u>352,375</u>	<u>595,838</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	243,463	-	(243,463)
Transfers in	-	-	-	-
Transfers out	-	-	(382,294)	(382,294)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(382,294)</u>	<u>(382,294)</u>
Net Change in fund balance	-	(243,463)	(29,919)	(29,919)
Fund balance - beginning of year	-	-	345,209	345,209
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,290</u>	<u>\$ 315,290</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(29,919)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (29,919)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-4

City of Gallup

Law Enforcement

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	64,200	64,200	64,200	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	149	149
Total revenue	<u>64,200</u>	<u>64,200</u>	<u>64,349</u>	<u>149</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	64,200	64,200	31,769	32,431
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>64,200</u>	<u>64,200</u>	<u>31,769</u>	<u>32,431</u>
Excess (deficiency) of revenues over expenditures	-	-	32,580	32,580
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	32,580	32,580
Fund balance - beginning of year	-	-	2,950	2,950
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,530</u>	<u>\$ 35,530</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>32,580</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 32,580</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Gallup
Library

Statement B-5

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	84,000	83,422	(578)
State capital grants	-	-	-	-
Charges for services	-	-	6,289	6,289
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	84,000	89,711	5,711
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	89,000	89,000	88,646	354
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	89,000	89,000	88,646	354
Excess (deficiency) of revenues over expenditures	(89,000)	(5,000)	1,065	6,065
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	89,000	5,000	-	(5,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	(89,000)	(5,000)	1,065	1,065
Fund balance - beginning of year	-	-	99,150	99,150
Fund balance - end of year	\$ -	\$ -	\$ 100,215	\$ 100,215
Net change in fund balance (non-GAAP budgetary basis)			1,065	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ 1,065	

STATE OF NEW MEXICO

Statement B-6

City of Gallup

Lodger's Tax

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	1,300,000	1,300,000	1,212,040	(87,960)
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,212,040</u>	<u>(87,960)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	844,960	1,258,884	1,140,334	118,550
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>844,960</u>	<u>1,258,884</u>	<u>1,140,334</u>	<u>118,550</u>
Excess (deficiency) of revenues over expenditures	<u>455,040</u>	<u>41,116</u>	<u>71,706</u>	<u>30,590</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(455,040)	(41,116)	-	41,116
Transfers in	-	-	61,000	61,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>61,000</u>	<u>61,000</u>
Net Change in fund balance	455,040	41,116	132,706	132,706
Fund balance - beginning of year	-	-	1,475,901	1,475,901
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608,607</u>	<u>\$ 1,608,607</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>132,706</u>	
Adjustments to revenue			-	
Adjustment to expenditures for salaries and maintenance			(34,923)	
Net Change in fund balance (GAAP basis)			<u>\$ 97,783</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-7

City of Gallup
Municipal StreetStatement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	1,050,000	1,050,000	1,048,822	(1,178)
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	286,505	130,000	(156,505)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>1,050,000</u>	<u>1,336,505</u>	<u>1,178,822</u>	<u>(157,683)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,603,315	1,932,970	1,854,276	78,694
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,603,315</u>	<u>1,932,970</u>	<u>1,854,276</u>	<u>78,694</u>
Excess (deficiency) of revenues over expenditures	<u>(1,553,315)</u>	<u>(596,465)</u>	<u>(675,454)</u>	<u>(78,989)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	1,553,315	596,465	-	(596,465)
Transfers in	1,600,000	1,600,000	1,600,000	-
Transfers out	-	(54,000)	(333,677)	(279,677)
Total other financing sources (uses)	<u>1,600,000</u>	<u>1,546,000</u>	<u>1,266,323</u>	<u>(279,677)</u>
Net Change in fund balance	46,685	949,535	590,869	590,869
Fund balance - beginning of year	-	-	918,179	918,179
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,509,048</u>	<u>\$ 1,509,048</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>590,869</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, maintenance, and supplies			(38,069)	
Net Change in fund balance (GAAP basis)			<u>\$ 552,800</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-8

City of Gallup

Juvenile Recreation

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	17,452	17,452
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,452</u>	<u>\$ 17,452</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>-</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, maintenance, and supplies			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-9

City of Gallup

Intergovernmental Grants

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	43,027	35,667	(7,360)
Federal capital grants	-	-	-	-
State operating grants	-	-	200,000	200,000
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	440,000	66,706	(373,294)
Total revenue	<u>-</u>	<u>483,027</u>	<u>302,373</u>	<u>(180,654)</u>
Expenditures				
Current				
General government	-	802,159	235,984	566,175
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>802,159</u>	<u>235,984</u>	<u>566,175</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(319,132)</u>	<u>66,389</u>	<u>385,521</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	319,132	-	(319,132)
Transfers in	-	-	-	-
Transfers out	-	-	(307,340)	(307,340)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(307,340)</u>	<u>(307,340)</u>
Net Change in fund balance	-	(319,132)	(240,951)	(240,951)
Fund balance - beginning of year	-	-	342,052	342,052
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,101</u>	<u>\$ 101,101</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(240,951)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (240,951)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-10

City of Gallup

Senior Citizens

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	92,067	151,279	112,553	(38,726)
Federal capital grants	-	-	-	-
State operating grants	209,137	191,432	125,481	(65,951)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	46,386	46,386
Total revenue	<u>301,204</u>	<u>342,711</u>	<u>284,420</u>	<u>(58,291)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	918,251	949,920	861,152	88,768
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>918,251</u>	<u>949,920</u>	<u>861,152</u>	<u>88,768</u>
Excess (deficiency) of revenues over expenditures	<u>(617,047)</u>	<u>(607,209)</u>	<u>(576,732)</u>	<u>30,477</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	617,047	607,209	-	(607,209)
Transfers in	589,216	589,216	589,216	-
Transfers out	-	-	(1,723)	(1,723)
Total other financing sources (uses)	<u>589,216</u>	<u>589,216</u>	<u>587,493</u>	<u>(1,723)</u>
Net Change in fund balance	(27,831)	(17,993)	10,761	10,761
Fund balance - beginning of year	-	-	21,587	21,587
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,348</u>	<u>\$ 32,348</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>10,761</u>	
Adjustments to revenues			-	
Adjustment to expenditures for salaries, contractual services, and supplies			(11,582)	
Net Change in fund balance (GAAP basis)			<u>\$ (821)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-11

City of Gallup

Gallup Express Bussing System

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(19,469)	(19,469)	(19,469)	-
Total other financing sources (uses)	<u>(19,469)</u>	<u>(19,469)</u>	<u>(19,469)</u>	<u>-</u>
Net Change in fund balance	(19,469)	(19,469)	(19,469)	(19,469)
Fund balance - beginning of year	-	-	19,469	19,469
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(19,469)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (19,469)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-12

City of Gallup

Gallup Detox

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	26,537	27,261	724
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>26,537</u>	<u>27,261</u>	<u>724</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	320,000	402,000	401,641	359
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>320,000</u>	<u>402,000</u>	<u>401,641</u>	<u>359</u>
Excess (deficiency) of revenues over expenditures	<u>(320,000)</u>	<u>(375,463)</u>	<u>(374,380)</u>	<u>1,083</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	320,000	375,463	-	(375,463)
Transfers in	-	75,000	-	(75,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Net Change in fund balance	(320,000)	(300,463)	(374,380)	(374,380)
Fund balance - beginning of year	-	-	329,514	329,514
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,866)</u>	<u>\$ (44,866)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(374,380)</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (374,380)</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
City of Gallup
CDBG**

Statement B-13

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	450,000	266,926	(183,074)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	450,000	266,926	(183,074)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	450,000	-	450,000
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	450,000	-	450,000
Excess (deficiency) of revenues over expenditures	-	-	266,926	266,926
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(240,421)	(240,421)
Total other financing sources (uses)	-	-	(240,421)	(240,421)
Net Change in fund balance	-	-	26,505	26,505
Fund balance - beginning of year	-	-	(2,130)	(2,130)
Fund balance - end of year	\$ -	\$ -	\$ 24,375	\$ 24,375
Net change in fund balance (non-GAAP budgetary basis)			26,505	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ 26,505	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-14

City of Gallup

Business Improvement District

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	260,000	162,252	(97,748)
State capital grants	-	-	-	-
Charges for services	-	-	162,158	162,158
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>260,000</u>	<u>324,410</u>	<u>64,410</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	260,000	82,511	177,489
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>260,000</u>	<u>82,511</u>	<u>177,489</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>241,899</u>	<u>241,899</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	241,899	241,899
Fund balance - beginning of year	-	-	(140,647)	(140,647)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,252</u>	<u>\$ 101,252</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>241,899</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, contractual services, and supplies			(113,001)	
Net Change in fund balance (GAAP basis)			<u>\$ 128,898</u>	

See Independent Auditors' Report and Notes to Financial Statements

City of Gallup

02/11 Sales Tax Revenue Bonds Capital Projects Fund (Major)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	18,000	18,000	17,552	(448)
Miscellaneous	-	-	-	-
Total revenue	<u>18,000</u>	<u>18,000</u>	<u>17,552</u>	<u>(448)</u>
Expenditures				
Current				
General government	51,000	51,000	50,374	626
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>51,000</u>	<u>51,000</u>	<u>50,374</u>	<u>626</u>
Excess (deficiency) of revenues over expenditures	<u>(33,000)</u>	<u>(33,000)</u>	<u>(32,822)</u>	<u>178</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	33,000	33,000	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(33,000)	(33,000)	(32,822)	(32,822)
Fund balance - beginning of year	-	-	559,749	559,749
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526,927</u>	<u>\$ 526,927</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(32,822)</u>	
Adjustments to revenue			-	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ (32,822)</u>	

STATE OF NEW MEXICO
City of Gallup
Airport

Statement B-16

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final	Non-GAAP Basis	Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	313,344	313,344	313,344	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	313,344	313,344	313,344	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	200	200	12	188
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	200	200	12	188
Excess (deficiency) of revenues over expenditures	313,144	313,144	313,332	188
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(313,144)	(313,144)	-	313,144
Transfers in	-	-	190,000	190,000
Transfers out	-	-	(614,215)	(614,215)
Total other financing sources (uses)	-	-	(424,215)	(424,215)
Net Change in fund balance	313,144	313,144	(110,883)	(110,883)
Fund balance - beginning of year	-	-	108,155	108,155
Fund balance - end of year	\$ -	\$ -	\$ (2,728)	\$ (2,728)
Net change in fund balance (non-GAAP budgetary basis)			(110,883)	
Adjustments to revenue for taxes			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ (110,883)	

See Independent Auditors' Report and Notes to Financial Statements

City of Gallup

Public Works

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	902,168	902,168
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>902,168</u>	<u>902,168</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	130,000	127,547	2,453
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>130,000</u>	<u>127,547</u>	<u>2,453</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(130,000)</u>	<u>774,621</u>	<u>904,621</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	130,000	-	(130,000)
Transfers in	-	-	654,665	654,665
Transfers out	-	-	(3,116,075)	(3,116,075)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,461,410)</u>	<u>(2,461,410)</u>
Net Change in fund balance	-	(130,000)	(1,686,789)	(1,686,789)
Fund balance - beginning of year	-	-	2,343,212	2,343,212
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,423</u>	<u>\$ 656,423</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(1,686,789)</u>	
Adjustments to revenue			-	
Adjustment to contractual services			(29,213)	
Net Change in fund balance (GAAP basis)			<u>\$ (1,716,002)</u>	

STATE OF NEW MEXICO

Statement B-18

City of Gallup

Legislative Appropriations

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	42,600	-	(42,600)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>42,600</u>	<u>-</u>	<u>(42,600)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	42,600	41,508	1,092
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>42,600</u>	<u>41,508</u>	<u>1,092</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(41,508)</u>	<u>(41,508)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	1,723	1,723
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,723</u>	<u>1,723</u>
Net Change in fund balance	-	-	(39,785)	(39,785)
Fund balance - beginning of year	-	-	(12,726)	(12,726)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,511)</u>	<u>\$ (52,511)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(39,785)</u>	
Adjustments to revenue			-	
Adjustment to contractual services			-	
Net Change in fund balance (GAAP basis)			<u>\$ (39,785)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-19

City of Gallup

Debt Service Fund (Major)

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ 254,000	\$ 254,000	345,472	\$ 91,472
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	143,278	143,278
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	116,395	116,395
Miscellaneous	-	-	-	-
Total revenue	<u>254,000</u>	<u>254,000</u>	<u>605,145</u>	<u>351,145</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	3,379,480	3,379,480	3,375,624	3,856
Interest	843,383	843,383	842,787	596
Total expenditures	<u>4,222,863</u>	<u>4,222,863</u>	<u>4,218,411</u>	<u>4,452</u>
Excess (deficiency) of revenues over expenditures	<u>(3,968,863)</u>	<u>(3,968,863)</u>	<u>(3,613,266)</u>	<u>355,597</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	3,968,863	3,968,863	-	-
Transfers in	3,964,411	3,964,411	1,850,223	(2,114,188)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,964,411</u>	<u>3,964,411</u>	<u>1,850,223</u>	<u>(2,114,188)</u>
Net Change in fund balance	(4,452)	(4,452)	(1,763,043)	(1,763,043)
Fund balance - beginning of year	-	-	2,735,469	2,735,469
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,426</u>	<u>\$ 972,426</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(1,763,043)</u>	
Adjustments to revenue			-	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ (1,763,043)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Gallup
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2015

Statement C-1

	Enterprise Funds				Total
	Solid Waste	Fitness Center	Rodeo	Gamerico	
Assets					
Cash and cash equivalents	\$ 1,447,958	\$ 523,849	\$ 319	\$ 196,468	\$ 2,168,594
Investments	3,523,286	-	-	-	3,523,286
Accounts receivable, net	332,871	1,254	-	30,992	365,117
Restricted cash and cash equivalents	11,000	-	-	-	11,000
Total current assets	5,315,115	525,103	319	227,460	6,067,997
Noncurrent assets					
Capital Assets	4,226,138	52,890	-	-	4,279,028
Less: accumulated depreciation	(2,953,674)	-	-	-	(2,953,674)
Total noncurrent assets	1,272,464	52,890	-	-	1,325,354
Deferred outflows of resources					
Employer contributions subsequent to the contribution date	79,467	16,792	-	-	96,259
Total Deferred outflows	79,467	16,792	-	-	96,259
Total assets, and deferred outflows of resources	\$ 6,667,046	\$ 594,785	\$ 319	\$ 227,460	\$ 7,489,610
Liabilities and net position					
Liabilities					
Accounts payable	\$ 92,749	\$ 1,508	\$ 16,247	\$ 57,893	\$ 168,397
Accrued salaries and benefits	17,071	2,970	-	-	20,041
Due to other funds	-	-	26,355	-	26,355
Compensated absences	1,927	150	-	-	2,077
Landfill closure liability	25,143	-	-	-	25,143
Net Pension liability	79,467	-	-	-	79,467
Total current liabilities	216,357	4,628	42,602	57,893	321,480
Noncurrent liabilities					
Notes payable					
Compensated absences	25,194	1,960	-	-	27,154
Landfill closure liability	223,960	-	-	-	223,960
Net Pension liability	381,635	97,435	-	-	479,070
Total noncurrent liabilities	630,789	99,395	-	-	730,184
Total Liabilities	847,146	104,023	42,602	57,893	1,051,664
Deferred inflows of resources					
Net difference between expected and actual earnings	180,396	38,119	-	-	218,515
Change of assumption	312	66	-	-	378
Total deferred inflows of resources	180,708	38,185	-	-	218,893
Net position					
Net investment in capital asset	1,272,464	52,890	-	-	1,325,354
Unrestricted	4,366,728	399,687	(42,283)	169,567	4,893,699
Total net position	5,639,192	452,577	(42,283)	169,567	6,219,053
Total liabilities, deferred inflows of resources and net position	\$ 6,667,046	\$ 594,785	\$ 319	\$ 227,460	\$ 7,489,610

STATE OF NEW MEXICO

Statement C-2

City of Gallup

Nonmajor Proprietary Funds

**Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015**

	Enterprise Funds				Total
	Solid Waste	Fitness Center	Rodeo	Gamerico	
Operating revenues					
Charges for services	\$ 3,126,591	\$ 383,436	\$ 116,330	\$ 361,381	\$ 3,987,738
Total operating revenues	<u>3,126,591</u>	<u>383,436</u>	<u>116,330</u>	<u>361,381</u>	<u>3,987,738</u>
Operating expenses:					
Depreciation and amortization	371,091	-	-	-	371,091
Personnel services	599,670	125,451	-	-	725,121
Contractual services	1,405,421	20,660	141,847	526,747	2,094,675
Supplies	43,417	9,570	33,445	-	86,432
Maintenance and Materials	262,865	55,055	-	-	317,920
Utilities	4,755	30,320	-	-	35,075
Miscellaneous	7,402	5,272	21,054	-	33,728
Total operating expense	<u>2,694,621</u>	<u>246,328</u>	<u>196,346</u>	<u>526,747</u>	<u>3,664,042</u>
Operating income (loss)	<u>431,970</u>	<u>137,108</u>	<u>(80,016)</u>	<u>(165,366)</u>	<u>323,696</u>
Non-operating revenues (expense)					
Gross receipts taxes	300,645	-	-	-	300,645
Interest income	34,975	-	-	-	34,975
Total non-operating revenues (expense)	<u>335,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,620</u>
Income (loss) before contributions and transfers	<u>767,590</u>	<u>137,108</u>	<u>(80,016)</u>	<u>(165,366)</u>	<u>659,316</u>
Contributions and transfers					
Transfers out	(277,700)	-	-	-	(277,700)
State and federal operating grants	-	-	77,432	-	77,432
Total contributions and transfers	<u>(277,700)</u>	<u>-</u>	<u>77,432</u>	<u>-</u>	<u>(200,268)</u>
Change in Net Position	<u>489,890</u>	<u>137,108</u>	<u>(2,584)</u>	<u>(165,366)</u>	<u>459,048</u>
Net Position, beginning of year	<u>5,654,944</u>	<u>632,842</u>	<u>(39,699)</u>	<u>334,933</u>	<u>6,583,020</u>
Restatement	<u>(505,642)</u>	<u>(317,373)</u>	<u>-</u>	<u>-</u>	<u>(823,015)</u>
Net Position - beginning of the year, restated	<u>5,149,302</u>	<u>315,469</u>	<u>(39,699)</u>	<u>334,933</u>	<u>5,760,005</u>
Net Position - end of the year	<u>\$ 5,639,192</u>	<u>\$ 452,577</u>	<u>\$ (42,283)</u>	<u>\$ 169,567</u>	<u>\$ 6,219,053</u>

STATE OF NEW MEXICO
City of Gallup
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Statement C-3

	Solid Waste	Fitness Center	Rodeo	Gamerico	Total
Cash flow form operating activities					
Cash received form customers	\$ 3,126,042	\$ 382,182	\$ 116,330	\$ 391,150	\$ 4,015,704
Cash payments to employees for services	(594,953)	(125,308)	-	-	(720,261)
Cash payments to suppliers for goods and services	(1,658,140)	(119,369)	(216,117)	(506,515)	(2,500,141)
Net cash provided buy operating activities	<u>872,949</u>	<u>137,505</u>	<u>(99,787)</u>	<u>(115,365)</u>	<u>795,302</u>
Cash flow form noncapital financing activities					
Taxes received	300,645	-	-	-	300,645
Governmental contributions	-	-	77,432	-	77,432
Transfers	(277,700)	-	22,674	-	(255,026)
Net cash flows provided by noncapital financing activities	<u>22,945</u>	<u>-</u>	<u>100,106</u>	<u>-</u>	<u>123,051</u>
Cash Flows form capital and related financing activities:					
Acquisition of capital assets	(494,793)	-	-	-	(494,793)
Net cash provided (used) by capital and related financing activities	<u>(494,793)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(494,793)</u>
Cash flows form investing activities					
Proceeds form sale (purchase) of investments	(3,523,286)	-	-	3	(3,523,283)
Interest income	34,975	-	-	-	34,975
Net cash provided by investing activities	<u>(3,488,311)</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>34,975</u>
Net increase (decrease) in cash and cash equivalents	(3,087,210)	137,505	319	(115,362)	(3,064,748)
Cash & cash equivalents - beginning of year	4,546,168	386,344	-	311,830	5,244,342
Cash & cash equivalents - end of year	<u>\$ 1,458,958</u>	<u>\$ 523,849</u>	<u>\$ 319</u>	<u>\$ 196,468</u>	<u>\$ 2,179,594</u>
Reconciliation of operating income (loss to net cash provided (used) by operating activities					
Operating income (loss)	\$ 431,970	\$ 137,108	\$ (80,016)	\$ (165,366)	\$ 323,696
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	371,091	-	-	-	371,091
Changes in assets & liabilities:					
Receivables	(549)	(1,254)	-	29,769	27,966
Inventory	-	-	-	20,232	20,232
Accounts payable	65,720	1,508	(19,771)	-	47,457
Accrued salaries and benefits	7,446	(471)	-	-	6,975
Compensated absences	(2,729)	614	-	-	(2,115)
Net cash provided (used) by operating activities	<u>\$ 872,949</u>	<u>\$ 137,505</u>	<u>\$ (99,787)</u>	<u>\$ (115,365)</u>	<u>\$ 795,302</u>

STATE OF NEW MEXICO

Statement D-1

City of Gallup

Joint Utility Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 30,347,190	\$ 30,531,613	32,530,218	\$ 1,998,605
Total operating revenues	<u>30,347,190</u>	<u>30,531,613</u>	<u>32,530,218</u>	<u>1,998,605</u>
Operating expenses:				
Depreciation and amortization	2,149,206	2,364,355	2,303,854	60,501
COGS (electricity)	9,458,370	10,405,223	10,138,965	266,258
Personnel services	3,028,419	3,331,586	3,246,335	85,251
Contractual services	9,496,535	10,447,208	10,179,876	267,332
Supplies	146,150	160,781	156,667	4,114
Maintenance and Materials	2,237,478	2,461,466	3,363,472	(902,006)
Utilities	381,394	419,574	408,838	10,736
Miscellaneous	333,698	367,104	846,253	(479,149)
Total operating expense	<u>27,231,250</u>	<u>29,957,297</u>	<u>30,644,260</u>	<u>(686,963)</u>
Operating income (loss)	<u>3,115,940</u>	<u>574,316</u>	<u>1,885,958</u>	<u>1,311,642</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	-	1,560,867	1,560,867
Interest income	-	-	2,044,720	2,044,720
Interest expense	(308,311)	(308,311)	(330,496)	(22,185)
Miscellaneous income (expense)			72,116	72,116
Total non-operating revenues (expense)	<u>(308,311)</u>	<u>(308,311)</u>	<u>3,347,207</u>	<u>3,655,518</u>
Income (loss) before contributions and transfers				
Transfers in	200,000	200,000	1,785,000	1,585,000
Transfers out	(5,798,080)	(6,402,521)	(4,218,090)	2,184,431
State and federal capital grants	-	-	3,782,072	3,782,072
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>(5,598,080)</u>	<u>(6,202,521)</u>	<u>1,348,982</u>	<u>7,551,503</u>
Change in Net Position	<u>\$ (2,790,451)</u>	<u>\$ (5,936,516)</u>	<u>6,582,147</u>	<u>\$ 12,518,663</u>
Net Position, beginning of year			<u>93,176,538</u>	
Net Position - end of the year			<u>\$ 99,758,685</u>	

STATE OF NEW MEXICO

Statement D-2

City of Gallup

Solid Waste Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 2,922,190	\$ 2,922,190	\$ 3,126,591	\$ 204,401
Total operating revenues	<u>2,922,190</u>	<u>2,922,190</u>	<u>3,126,591</u>	<u>204,401</u>
Operating expenses:				
Depreciation and amortization	436,082	508,552	371,091	137,461
COGS (electricity)	-	-	-	-
Personnel services	704,693	821,803	599,670	222,133
Contractual services	1,651,560	1,926,023	1,405,421	520,602
Supplies	51,021	59,500	43,417	16,083
Maintenance and Materials	299,265	348,998	262,865	86,133
Utilities	5,588	6,516	4,755	1,761
Miscellaneous	8,698	10,144	7,402	2,742
Total operating expense	<u>3,156,907</u>	<u>3,681,536</u>	<u>2,694,621</u>	<u>986,915</u>
Operating income (loss)	<u>(234,717)</u>	<u>(759,346)</u>	<u>431,970</u>	<u>1,191,316</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	-	300,645	300,645
Interest income	-	-	34,975	34,975
Interest expense	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>335,620</u>	<u>335,620</u>
Income (loss) before contributions and transfers				
Transfers in			-	-
Transfers out	(225,500)	(277,700)	(277,700)	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>(225,500)</u>	<u>(277,700)</u>	<u>(277,700)</u>	<u>-</u>
Change in Net Position	<u>\$ (460,217)</u>	<u>\$ (1,037,046)</u>	<u>489,890</u>	<u>\$ 1,526,936</u>
Net Position, beginning of year			<u>5,149,302</u>	
Net Position - end of the year			<u>\$ 5,639,192</u>	

STATE OF NEW MEXICO

Statement D-3

City of Gallup

Fitness Center Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 250,000	\$ 250,000	\$ 383,436	\$ 133,436
Total operating revenues	<u>250,000</u>	<u>250,000</u>	<u>383,436</u>	<u>133,436</u>
Operating expenses:				
Depreciation and amortization	-	-	-	-
COGS (electricity)	-	-	-	-
Personnel services	146,935	146,935	125,451	21,484
Contractual services	24,198	24,198	20,660	3,538
Supplies	11,209	11,209	9,570	1,639
Maintenance and Materials	62,455	62,455	55,055	7,400
Utilities	35,513	35,513	30,320	5,193
Miscellaneous	6,175	6,175	5,272	903
Total operating expense	<u>286,485</u>	<u>286,485</u>	<u>246,328</u>	<u>40,157</u>
Operating income (loss)	<u>(36,485)</u>	<u>(36,485)</u>	<u>137,108</u>	<u>173,593</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (36,485)</u>	<u>\$ (36,485)</u>	<u>137,108</u>	<u>\$ 173,593</u>
Net Position, beginning of year			<u>315,469</u>	
Net Position - end of the year			<u>\$ 452,577</u>	

STATE OF NEW MEXICO

Statement D-4

City of Gallup

Rodeo Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 207,960	\$ 207,960	\$ 116,330	\$ (91,630)
Total operating revenues	<u>207,960</u>	<u>207,960</u>	<u>116,330</u>	<u>(91,630)</u>
Operating expenses:				
Depreciation and amortization	-	-	-	-
COGS (electricity)	-	-	-	-
Personnel services	-	-	-	-
Contractual services	150,000	150,000	141,847	8,153
Supplies	51,517	51,517	33,445	18,072
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	32,431	32,431	21,054	11,377
Total operating expense	<u>233,948</u>	<u>233,948</u>	<u>196,346</u>	<u>37,602</u>
Operating income (loss)	<u>(25,988)</u>	<u>(25,988)</u>	<u>(80,016)</u>	<u>(54,028)</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	75,000	75,000	77,432	2,432
State and federal operating grants	-	-	-	0
Total contributions and transfers	<u>75,000</u>	<u>75,000</u>	<u>77,432</u>	<u>2,432</u>
Change in Net Position	<u>\$ 49,012</u>	<u>\$ 49,012</u>	<u>(2,584)</u>	<u>\$ (51,596)</u>
Net Position, beginning of year			<u>(39,699)</u>	
Net Position - end of the year			<u>\$ (42,283)</u>	

STATE OF NEW MEXICO

Statement D-5

City of Gallup

Gamero Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final	GAAP Basis	Final to actual
Operating revenues:				
Charges for services	\$ 370,000	\$ 370,000	\$ 361,381	\$ (8,619)
Total operating revenues	<u>370,000</u>	<u>370,000</u>	<u>361,381</u>	<u>(8,619)</u>
Operating expenses:				
Depreciation and amortization	-	-	-	-
COGS (electricity)	-	-	-	-
Personnel services	-	-	-	-
Contractual services	570,000	570,000	526,747	43,253
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total operating expense	<u>570,000</u>	<u>570,000</u>	<u>526,747</u>	<u>43,253</u>
Operating income (loss)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(165,366)</u>	<u>34,634</u>
Non-operating revenues (expense):				
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>(165,366)</u>	<u>\$ 34,634</u>
Net Position, beginning of year			<u>334,933</u>	
Net Position - end of the year			<u>\$ 169,567</u>	

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Gallup
Schedule of Deposits and Investments
June 30, 2015

Schedule I

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo					
Operational	Checking	\$ 34,357,268	\$ 357,431	\$ 1,149,275	\$ 33,565,424
Gallup Municipal Court	Checking	30,453		2,237	28,216
Escrow -Rio Puerco Project	Checking	210,000	-	-	210,000
Total Wells Fargo Bank, N.A.		<u>34,597,721</u>	<u>357,431</u>	<u>1,151,512</u>	<u>33,803,640</u>
Wells Fargo Brokerage					
Wells Fargo Investments	Money Market	14,634,823	-	-	14,634,823
Money Market Mutual Funds	Money Market	1,739,840	-	-	1,739,840
Federal Home Loan Bank	Money Market	6,909,041	-	-	6,909,041
Federal Farm Credit Bank	Money Market	4,056,449	-	-	4,056,449
Freddie Mac Discount	Bonds	2,877,722	-	-	2,877,722
Fannie Mae	Bonds	9,305,009	-	-	9,305,009
New Mexico Government Bonds	Bonds	3,207,800	-	-	3,207,800
Goldman Sachs interest Bearing Bonds	Bonds	251,694	-	-	251,694
New Mexico Finance Authority	Money Market	147,135	-	-	147,135
Total Wells Fargo Brokerage		<u>43,129,513</u>	<u>-</u>	<u>-</u>	<u>43,129,513</u>
US Bank					
City of Gallup	Certificate of Deposit	4,000,000	-	-	4,000,000
Total US bank		<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Pinnacle Bank					
City of Gallup	Certificate of Deposit	2,860,871	-	-	2,860,871
Total Pinnacle Bank		<u>2,860,871</u>	<u>-</u>	<u>-</u>	<u>2,860,871</u>
New Mexico Finance Authority					
Gallup 4 Cash & Reserves	State Tr. Debt Service	222,831	-	-	222,831
Total New Mexico Finance Authority		<u>222,831</u>	<u>-</u>	<u>-</u>	<u>222,831</u>
Total		<u>\$ 84,810,936</u>	<u>\$ 357,431</u>	<u>\$ 1,151,512</u>	84,016,855
New Mexico State Treasurer Reserves Contingency Fund					489
Petty cash					3,567
					<u>84,020,911</u>
Cash and cash equivalents - Exhibit A-1					
					10,284,510
Investments - Exhibit A-1					
					43,129,513
Restricted cash and cash equivalents - Exhibit A-1					
					29,659,866
Restricted customer deposits - Exhibit A-1					
					947,022
Total deposits and investments					<u>\$ 84,020,911</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Gallup
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2015

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Wells Fargo:				
	FN AU 4293 4.00%	8/1/2043	3138X3E32	\$ 40,100,728
	FN AU 3753 4.00%	9/1/2043	3138X3XX5	2,043,550
Total Wells Fargo				<u>42,144,278</u>
US Bank:				
	FHLB Cincinnati	7/1/2015	NA	4,000,000
Total US Bank				<u>4,000,000</u>
Pinnacle Bank:				
	FHLB Bonds	3/11/2016	3133XXPA43	5,097,750
	FNMA Bonds	6/25/2023	31393DP47	134,099
Total Pinnacle Bank				<u>5,231,849</u>
Total Pledged Collateral				<u>\$ 51,376,127</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Gallup
Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2015

Agreement	The City Participates with	Party Responsible for Operation	Description
Navajo-Gallup Water Supply Project	McKinley County	City of Gallup	This agreement is to establish a commitment for the county to provide a portion of the non-federal matching funds to pay for the NGWSP which will provide water to the City of Gallup and surrounding areas, including private and Navajo Lands.
Wild land Fire Protection and Suppression	Energy, Minerals and Natural Resources Department, Forestry Division	Both	Joint Powers Agreement between the Energy, Minerals and Natural Resources Department, Forestry Division and the City of Gallup for Wild land Fire Protection and Suppression
Operation of a Jail Facility	McKinley County	McKinley County	Agreement between the parties for operation of the jail facility.
Liquor Excise Tax	McKinley County	McKinley County	Liquor Excise Tax usage
Metro-Dispatch Center	McKinley County	McKinley County	Agreement between the parties for the operation of a joint Metro-dispatch Center
Aquatics Center Swimming Facility	Gallup McKinley County School District No. 1	City of Gallup	Agreement between the parties for the operation of a swimming facility.
Athletics and Recreational Facilities	Gallup McKinley County School District No. 1	City of Gallup	Agreement between the parties for the use of City owned recreational facilities by the GMCS.

<u>Period</u>	<u>Cost to City</u>	<u>City Contributions</u>	<u>Audit Responsibility</u>
8/2012 for 35 yr term	City Commitment is approximately \$85,000,000	\$8,042,392	Bureau of Reclamation
3/2008 until terminated	Undetermined	Undetermined	City of Gallup
9/2003, amended 6/2005 until terminated	City pays 30% of cost of operating facility calculated after tax receipts and housing revenues are applied	Currently housing and tax receipts cover city portion	McKinley County
10/2006 until terminated	None	None	McKinley County
12/2003 until terminated	Paid by emergency tax revenue. Any shortfall will be paid 50% each by City/County.	None	McKinley County
4/2004 until terminated	City pays all operating costs	Varies annually	City of Gallup
6/2012 until terminated	City pays all operating costs	Varies annually	City of Gallup

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

Prepared By: Patty Holland, CFO November 8, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
1415	ITB	AMIGO CHEVROLET	\$ 234,603	\$ -	Rico Motor (Gallup) Amigo (Gallup) Gurley Motor (Gallup)
90-000-00-00086	SPD	XEROX CORPORATION	\$ 112,953	\$ -	Procured by NM State
10-000-00-00022AB	SPD	GRAINGER	\$ 112,021	\$ -	Procured by NM State
Exempt	Exempt	NORTHWEST NM COUNCIL OF GOVERN	\$ 65,000	\$ -	N/A
See Schedule IV page 8 of 8	See Attached	DATAPRINT SERVICES, LLC	\$ 103,137	\$ -	N/A
Exempt	Exempt	MCKINLEY COUNTY	\$ 535,251	\$ -	N/A
1213	ITB	WESTINGHOUSE ELEC SUPP FINAN SVCS	\$ 177,753	\$ -	WESCO (Alb) Stuart Irby (Alb) Border States (Farmington) HD Utilities (Farmington) McFarland Cascade
Exempt	Retirement Benefit	NM RETIREE HEALTH CARE AUTHORITY	\$ 159,787	\$ -	N/A
1315	ITB	BUTLER'S OFFICE & EQUIP & SUPPLY IN	\$ 86,871	\$ -	Butler's (Gallup) Rachers (Gallup)
Exempt	Liability Insurance	NEW MEXICO SELF INSURER'S FUND	\$ 1,384,833	\$ -	N/A
0045-13-CS	Bernaillio	ARTESIA FIRE EQUIPMENT, INC.	\$ 170,083		N/A
SM10-10	HGAC	E-Z LINER INDUSTRIES	\$ 203,595	\$ -	Procured by HGAC
ITB-190-13RS	GMCS	ADVANCED TECHNICAL SERVICES	\$ 117,750	\$ -	Procured by GMCS
2010-05	McKinley Cnty	ELECTRONIC CENTER, INC.	\$ 90,848	\$ -	Procured by McK Cty

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Rico-Yes Amigo-Yes Gurley-Yes	No	Purchase of fleet vehicles
Procured by NM State	Procured by NM State	Lease of copy machines
Procured by NM State	Procured by NM State	Purchase of janitorial/bldg maint supplies
N/A	N/A	Membership agreement with governmental agency
N/A	N/A	Printing of utility bills
N/A	N/A	Contract for the housing of jail inmates
Yes Yes Yes No No	No	Purchase of electric supplies
N/A	N/A	Pymt employ retiremnt benefits
Yes Yes	No	Purchase of office supplies
N/A	N/A	Provide liability insurance for various interests
N/A	N/A	Purchase of airpack systems- FD
Procured by HGAC	Procured by HGAC	Purchase-street striping machine
Procured by GMCS	Procured by GMCS	Maint/Repair Security & Fire Alarms
Procured by Mck Cty	Procured by Mck Cty	Purch/Maint of two-way radios

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
Exempt	Exempt	GALLUP MCK CNTY CHAMBER OF COMMERCE	\$ 295,445	\$ -	N/A
1110	ITB	MCT INDUSTRIES, INC.	\$ 69,565	\$ -	MCT Industries (Alb) Otto Env (AZ) Kart-Man (AZ)
1416	ITB	D & H PUMP SERVICE	\$ 459,032	\$ -	D&H (Alb) Murphy's (Gallup)
1312	ITB	GALLUP LUMBER & SUPPLY CO. INC.	\$ 72,231	\$ -	Gallup Lumber (Gallup) Bubany (Gallup)
20-000-00-00083C	SPD	GOODYEAR AUTO SERVICE CTR	\$ 85,090	\$ -	Procured by NM State
1317	ITB	GURLEY MOTOR CO	\$ 62,118		Amigo (Gallup) Rico (Gallup) Gurley (Gallup) Rich Ford (Alb) Don Chalmers (Alb)
2013/2014/03/P	RFP	EVOQUA WATER TECHNOLOGIES, LLC	\$ 209,757	\$ -	Evoqua (FL) US Peroxide (GA)
1313	ITB	VERNON HAMILTON CONST CO INC	\$ 278,158	\$ -	Vernon (Gallup) C&E Concrete (Milan)
Exempt	Exempt	STATE OF NEW MEXICO-GEN SVCS DEPT	\$ 101,850	\$ -	N/A
2013/2014/06/P	RFP	CDM SMITH INC.	\$ 86,470	\$ -	CDM (Alb) Wilson & Co (Alb) BHI (Alb) Molzen Corbin (Alb) DePauli (Gallup)
2012/2013/09/P	RFP	LAROC REFRIG & METAL DIV	\$ 490,621	\$ -	Dallago (Gallup) Laroc (Gallup) SW Trane (Alb)
2013/2014/06/P	RFP	BOHANNAN-HUSTON INC	\$ 87,216	\$ -	CDM (Alb) Wilson & Co (Alb) BHI (Alb) Molzen Corbin (Alb) DePauli (Gallup)

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	Promote economic development through various events, Nightly Indian Dances, Visitor Center contract, advertising, etc.
Yes No No	No	Purchase of 96 gallon trash containers
Yes Yes	No	Aviation fuel system install
Yes Yes	No	Purchasing of maintenance materials
Procured by NM State	Procured by NM State	Purchase of tires for fleet vehicles
Yes No No Yes Yes	Yes-Local	Purchase of fleet vehicles
No No	No	Provide wastewater odor and corrosion control study
Yes No	No	Purchase of plant mix bituminous
N/A	N/A	Pymt local public body unemployment insurance
Yes Yes Yes Yes Yes	No	On call engineering services
Yes Yes Yes	No	Provide HVAC Maintenance
Yes Yes Yes Yes Yes	No	On call engineering services

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
2013/2014/06/P	RFP	DEPAULI ENGINEERING & SURVEYING	\$ 1,553,268		CDM (Alb) Wilson & Co (Alb) BHI (Alb) Molzen Corbin (Alb) DePauli (Gallup)
Exempt	Litigation/Soal Provider	FOUR CORNERS ENVIRONMENTAL INC	\$ 31,078	\$ 783,328	N/A
40-000-14-00034	SPD	SHAMROCK FOODS COMPANY	\$ 146,664	\$ -	Procured by NM State
See Schedule IV page 8 of 8	See Attached	DELTA DENTAL PLAN OF NEW MEXICO	\$ 88,403	\$ -	N/A
1405/1410	ITB	MURPHY BUILDERS, INC	\$509,610.32FS \$857,929.24HR	16,469.99 40,035.54	Murphy's (Gallup) Vigil Contract (Alb) Longhorn (Alb) Weil Constr (Alb) Mataya's (Gallup) Demopolis LAM Corp (Gallup) Arviso Constr (Ft Wingate)
See Schedule IV page 8 of 8	Contract	GALLUP METRO ANIMAL CONTROL LLC	\$125,000/yr	\$ -	N/A
Exempt	Utilities	NORTHWEST NM REGIONAL SW AUTHORITY	\$ 889,095	\$ -	N/A
22-000-00-00105	SPD	BRUCKNER TRUCK SALES, INC.	\$ 126,651	\$ -	Procured by NM State
Grant Subrecipients	Exempt	COMMUNITY PANTRY, THE	\$ 85,000	\$ -	N/A
00-000-00-00154	SPD	MITEL LEASING	Approx \$90,000/yr	\$ -	Procured by NM State
2005/2006/22/P	RFP	AFLAC REMITTANCE PROC SERVICE	\$ 57,226	\$ -	N/A
Exempt	Utilities	CENTURYLINK	\$ 224,471	\$ -	N/A
Exempt	Utilities	US DEPT OF ENERGY	\$ 599,926	\$ -	N/A

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Yes Yes Yes Yes Yes	No	On call engineering services
N/A	N/A	Provide professional services for the G-22 water rights hearings
Procured by NM State	Procured by NM State	Provide food for senior centers
N/A	N/A	Provide dental insurance for employees
Yes Yes Yes Yes Yes Yes Yes Yes	No	Fire station/Harold Runnel Remodels
N/A	N/A	Provide animal shelter/vet services
N/A	N/A	Provide solid waste landfill dump services
Procured by NM State	Procured by NM State	Purchase cab/chassis for Water Dept
N/A	N/A	Gallup Express grant
Procured by NM State	Procured by NM State	Lease of phone system equipment
N/A	N/A	Provide employees group supplemental insurance
N/A	N/A	Provider of phone services
N/A	N/A	Provider of power

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
1420	ITB	SMITHCO CONSTRUCTION, INC	\$ 1,814,613	\$ 234,598	KBK (Milan) Dallago (Gallup) NM Underground (Alb) TLC Plumb (Alb) Smithco (Caballo)
2012-01	Informal Bid	ACCOUNTING & CONSULT GROUP, LLP	\$ 90,453	\$ -	Accounting & Consult (Alb) Axiom CPA's (Alb) Heinfield, Meech & Co. (Alb) Griego Professional (Alb)
Exempt	Litigation	STEIN & BROCKMANN, P.A.	\$ 572,319	\$ -	N/A
Exempt	Exempt/Goal Provider	SUNGARD PUBLIC SECTOR INC.	\$ 134,193	\$ -	N/A
1409	ITB	NORTHERN ESCROW, INC.	\$ 1,312,748	\$ 74,654	Northern Escrow-Vigil (Alb) Murphy's (Gallup) Mataya's (Gallup)
2011/2012/13/P	RFP	BLUE CROSS BLUE SHIELD OF NM	\$ 2,000,633	\$ -	Blue Cross Blue Shield (Alb) United Health (CO) Presbyterian Health (Alb)
1217	ITB	ALL AMERICAN TECHNICAL TEAM	\$ 79,509	\$ -	All American (Fmgtn) Alpha SW (Alb) Rodgers & Co (Alb)
41-000-13-00007 and 1311	SPD and ITB	HD SUPPLY WATERWORKS, LTD.	\$ 222,781	\$ -	HD Supply (Alb) Ferguson (Alb) Baker (Alb)
Various	CES contracts	COOPERATIVE EDUCATIONAL SERVICES	\$ 850,575	\$ -	Procured by CES
Exempt	Utilities	NEW MEXICO GAS COMPANY	\$ 121,467	\$ -	N/A

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Yes No No Yes Yes	Yes	2014 Sewer Improvements project
No No No No	No	Provide auditing services
N/A	N/A	Administrative/legal services provided for the G-22 water rights proceedings
N/A	N/A	Provide training, annual maintenance for existing internal public sector application/software
Yes Yes Yes	No	El Morro Theatre addition
Yes No Yes	No	Provide employees group health insurance
Yes Yes Yes	No	Provide Maintenance/Repairs Water Wells
Yes Yes Yes	No	Purchase of water/wastewater materials
Procured by CES	Procured by CES	Purchase of various goods and services utilizing existing CES contracts that are in place with various contractors/suppliers.
N/A	N/A	Provide gas services

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
2009/2010/04/P	RFP	SEVERN TRENT SERVICES	\$588,589/yr	\$ -	CHDM-Hill OMI (AZ) Severn Trent (CO)
00-0000-0014AQ: B27160	SPD	DELL MARKETING L.P.	\$ 218,156	\$ -	Procured by NM State
2012/2013/08/P	RFP	WHPACIFIC, INC.	\$ 71,375	\$ -	Armstrong (Alb) Delta Airport (VA) Molzen Corbin (Alb) Airport Develop (CO) WH Pacific (Alb)
20-000-00-00008	SPD	AK SALES AND CONSULTING, INC.	\$ 195,423	\$ -	Procured by NM State
Exempt	Utilities	NEW MEXICO GAS COMPANY	\$ 206,386	\$ -	N/A
Exempt	Per Ordinance passed	GALLUP BUSINESS IMPROV DISTRICT INC	\$ 309,323	\$ -	N/A
2011/2012/11/P	RFP	GREATER GALLUP ECONOMIC DEV CORP	\$250,000/yr	\$ -	Greater Gallup (Gallup)
2012/2013/05/P	RFP	STELZNER, WINTER, WARBURTON, FLORES	\$ 61,016	\$ -	Kelener & McLeod (Alb) Stelzner, Winter (Alb)
1309	ITB	RMCI, INC.	\$ 6,760,045	\$ 180,727	Smithco (Caballo) Dallago (Gallup) TLC (Alb) NM Underground (Alb) AUI Inc. (Alb) RMCI Inc. (Alb) Western Summit (CO) Skanska US Civil (CO)
1402	ITB	KBK CONSTRUCTION	\$ 51,436,489	\$ -	KBK (Milan) RMCI (Alb) NM Underground (Alb) Garney NM (Alb) Navajo Engineer (Shiprock) Smithco (Caballo) J Padilla Constr (Bosque Farms) T&T Constr (Fountain Hill) Dallago (Gallup) SJ Louis (Rockville NM)

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
No No	No	Operations & Maintenance contract for Wastewater plant & lift stations
Procured by NM State	Procured by NM State	Purchase of desktop/laptop computers
No No No No No	No	A/E Services for Municipal Airport Qualifications
Procured by NM State	Procured by NM State	Bleacher systems for baseball fields
N/A	N/A	Provide gas utility services
N/A	N/A	Payment for tax assessment match per ordinance
No	No	Provide economic development services
No No	No	Power Supply advisory services
N/A	N/A	Gallup Rural Navajo Water Supply Project Reach 27.5
N/A	N/A	Navajo Gallup Water Supply Project Reach 13

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
See Schedule IV page 8 of 8	Professional Svcs<60,000	LEE WILSON & ASSOCIATES, INC.	\$ 59,572	\$ 126,450	N/A
30-000-13-00054	SPD	TITAN MACHINERY INC	\$ 76,116	\$ -	Procured by NM State
2013/2014/03/P	RFP	US PEROXIDE, LLC	\$ 65,000	\$ -	Evoqua (FL) US Peroxide (GA)
2013/2014/04/P	RFP	BLACKSTONE SECURITY SERVICES, INC.	\$ 82,650	\$ -	Blackstone (Phx) Securitas Sec (Alb) Thomas Protect (Kaufman, TX) Redrock Security (Gallup)
2013/2014/02/P	RPF	TRI-STATE GENERATION & TRANS ASSOC	\$ 566,335		Tri-State (Grants) PNM (Gallup) Tuscon Electric (AZ) Twin Eagle (CO) All American Steel (Gallup)
1302	ITB	DESERT UTILITY & PAVING	\$ 323,447	\$ 11,322	Desert Utility (Alb) Murphy's (Gallup) Abrahams Constr (Alb) KBK Constr (Milan)
1408	ITB	CENTURY CLUB CONSTRUCTION, LLC	\$ 1,345,241	\$ 81,640	Century Club (Alb) NM Underground (Alb) Dallago (Gallup)
20-000-00-00058	SPD	WEX BANK	\$ 917,112	\$ -	Procured by NM State
20-000-00-00085	SPD	BANK OF AMERICA	\$ 403,423	\$ -	Procured by NM State
Exempt	Exempt	GALLUP JOURNEY	\$ 70,284	\$ -	N/A
2012/2013/08/P	RFP	ARMSTRONG CONSULTANTS	\$ 184,220	\$ -	Armstrong (Alb) Delta Airport (VA) Molzen Corbin (Alb) Airport Develop (CO) WH Pacific (Alb)

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	Provide a 40 year study on water supply for City of Gallup relevant to G-22 water rights
Procured by NM State	Procured by NM State	Purchase loader/backhoe for Street Dept.
No No	No	Provide wastewater odor and corrosion control study
No No No No Yes	No	Provide security services
No Yes No No No	No	Provide long term wholesale power supply scheduling services
N/A	N/A	Sky City public housing Strong Drive Reconstruction project
Yes Yes Yes	No	Water systems improvement project
Procured by NM State	Procured by NM State	Provide fuel card system
Procured by NM State	Procured by NM State	Procurement card services
N/A	N/A	Advertising services
No No No No No	No	A/E Services for Municipal Airport Qualifications

STATE OF NEW MEXICO
City of Gallup
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>
1116	ITB	JOE WAUFORD CONSTRUCTION	\$ 323,445	\$ -	Joe Wauford (Gallup) Murphy's (Gallup)
1424	ITB	H.O. CONSTRUCTION	\$ 1,705,016	\$ 262,268	Murphy's (Gallup) AUI (Alb) Century Club (Alb) H.O. Constr (Alb)
11-WC-40-435	Agreement	BUREAU OF RECLAMATION-UC	\$ 4,581,111	\$ -	N/A
1417; 2013/2014/05/P	ITB & RFP	SONIC EQUIPMENT CO.	\$ 87,356	\$ -	RFP: Ballantyne (NE) IFB: Sonic (KS) Powerline (Gallup) Moving Image (CA)
JU1582	Emergency	TOTAL CONTRACTING SERVICES INC.	\$ 178,012	\$ 466,494	Smithco (Caballo) NM Underground (Alb) Century Club (Alb) AUI (Alb) Total Contract (Alb)
1502	ITB	TATE'S AUTO CENTER	\$ 105,750	\$ -	Rico Motor (Gallup) Amigo (Gallup) Tates Auto (Holbrook AZ)

See Independent Auditors' Report

<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Yes Yes	No	Concrete work within the City
Yes Yes Yes Yes	No	College/Hospital Drive Improvements Project
N/A	N/A	Interests & repayments for financial assistance for the Navajo Gallup Water projects Reach 13 and 27.5
N/A	N/A	El Morro Theatre equipment upgrade
Yes No No No No	No	Emergency sewer repairs for Chee Dodge and surrounding area.
Yes Yes No	No	Purchase of fleet vehicles

Schedule of Vendor Information for Purchases Exceeding \$60,000**June 30, 2015**Dataprint Services:

Services included are the retrieval of utility billing information from City of Gallup Customer Service, printing, folding, inserting, and mailing of utility bills to all City of Gallup customers. Also includes supplies and postage. Since they have been the previous provider for quite some time we have maintained their services however such services will be solicited through an upcoming RFP.

Delta Dental:

Provide dental insurance for City of Gallup employees who choose to enroll. It was recently discovered that services were not under contract therefore an immediate RFP is being solicited.

Gallup Metro Animal Control LLC:

Provide animal shelter and veterinarian services in a joint effort between the City of Gallup and McKinley County Humane Society. A Professional Services agreement was initiated in 2010 for three years to terminate in 2013. It was recently discovered that such services were no longer in contract therefore an RFP is in the process of being solicited.

Lee Wilson & Associates, Inc.:

Provide services for a 40 yr study on water supply for the City of Gallup. Initially was for only \$55,000 plus NMGRT however due to the litigation with the G-22 Water Rights, additional services with this provider were necessary to help in the legal proceedings and other hearings. This litigation and hearings are expected to be completed within this FY 2015-2016 per City of Gallup attorney.

**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE
JUNE 30, 2015**

Line Item #	Description	Low Rent Public Housing Program	HCV Program	MOD Rehab	Total
111	Cash - Unrestricted	\$ 170,840	\$ 112,513	\$ 5,238	\$ 288,591
113	Cash - Other Restricted	-	12,267	-	12,267
114	Cash - Tenant Security Deposits	49,602	-	-	49,602
	Total Cash	<u>220,442</u>	<u>\$ 124,780</u>	<u>5,238</u>	<u>350,460</u>
	Accounts Receivable - HUD Other				
122	Projects	29,947	7,832	1,636	39,415
125	Accounts Receivable - Miscellaneous and (Fraud)	113,753	-	-	113,753
125.1	Allowance for Doubtful Accounts - Fraud	(55,000)	-	-	(55,000)
126	Accounts Receivable - Tenants - Dwelling Rents	37,817	-	-	37,817
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(26,436)	-	-	(26,436)
	Total Receivables	<u>100,081</u>	<u>7,832</u>	<u>1,636</u>	<u>109,549</u>
142	Prepaid Expenses and Other Assets	33,623	355	-	33,978
142.5	Interprogram	55,491	-	4,307	59,798
143	Inventories	80,757	-	-	80,757
143.1	Allowance for Obsolete Inventories	(16,251)	-	-	(16,251)
	Total Other Current Assets	<u>153,620</u>	<u>355</u>	<u>4,307</u>	<u>158,282</u>
	Total Current Assets	<u>474,143</u>	<u>132,967</u>	<u>11,181</u>	<u>618,291</u>
142.1	Deferred Outflows	<u>40,625</u>	<u>410</u>	<u>-</u>	<u>41,035</u>
161	Land	1,593,833	-	-	1,593,833
162	Buildings	13,386,175	-	-	13,386,175
163	Furniture Equipment and Machinery - Dwellings	56,659	-	-	56,659
164	Furniture Equipment and Machinery - Administrative	466,541	14,993	-	481,534
166	Accumulated Depreciation	(7,371,112)	(14,837)	-	(7,385,949)
167	Construction in Progress	2,456	-	-	2,456
	Total Capital Assets Net of Accumulated Depreciation	<u>8,134,552</u>	<u>156</u>	<u>-</u>	<u>8,134,708</u>
	Total Assets and outflows	<u>\$ 8,649,320</u>	<u>\$ 133,533</u>	<u>\$ 11,181</u>	<u>\$ 8,794,034</u>

**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE
JUNE 30, 2015**

Line Item #	Description	Low Rent Program	HCV Program	MOD Rehab	Total
311	Bank Overdraft	\$ 12,072	\$ 421	\$ -	\$ 12,493
312	Accounts Payable <=90 Days	-	-	-	-
321	Accrued Payroll	19,196	124	-	19,320
322	Compensated Absences - Current Portion	8,343	70	-	8,413
331	Accounts Payable HUD PHA Programs	-	-	-	-
341	Tenant Security Deposits	49,602	-	-	49,602
342	Unearned Revenues	8,522	-	-	8,522
345	Current Long Term Debt	6,268	35	-	6,303
346	Accrued Liabilities (other)	22,708	-	-	22,708
310	Total Current Liabilities	<u>126,711</u>	<u>650</u>	<u>-</u>	<u>127,361</u>
349	Interprogram	-	59,798	-	59,798
350	Pension (GASB 68)	386,153	3,900	-	390,053
353	Long Term Debt	1,694	129	-	1,823
354	Compensated Absences - Noncurrent Portion	6,474	2	-	6,476
	Total Noncurrent Liabilities	<u>394,321</u>	<u>63,829</u>	<u>-</u>	<u>458,150</u>
	Total Liabilities	<u>521,032</u>	<u>64,479</u>	<u>-</u>	<u>585,511</u>
400	Deffered Inflows	<u>151,334</u>	<u>1,529</u>	<u>-</u>	<u>152,863</u>
508.1	Net Investment in Capital Assets	8,126,590	(8)	-	8,126,582
511	Restricted Net Position	-	12,267	-	12,267
512.1	Unrestricted Net Position	<u>(149,636)</u>	<u>55,266</u>	<u>11,181</u>	<u>(83,189)</u>
513	Total Equity/Net Position	<u>7,976,954</u>	<u>67,525</u>	<u>11,181</u>	<u>8,055,660</u>
	Total Liabilities and Equity/Net Position	<u>\$ 8,649,320</u>	<u>\$ 133,533</u>	<u>\$ 11,181</u>	<u>\$ 8,794,034</u>

**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE
JUNE 30, 2015**

Line Item #	Description	Low Rent Public Housing Program	HCV Program	MOD Rehab	Total
70300	Net Tenant Rental Revenue	\$ 653,929	\$ -	\$ -	\$ 653,929
70400	Tenant Revenue - Other	37,113	-	-	37,113
70500	Total Tenant Revenue	<u>691,042</u>	<u>-</u>	<u>-</u>	<u>691,042</u>
70600	HUD PHA Operating Grants	862,023	89,096	26,579	977,698
70610	Capital Grants	2,456	-	-	2,456
70800	Other Governmental Grants	-	-	-	-
71100	Investment Income - Unrestricted	12	15	-	27
71400	Fraud Recovery	105,000	-	-	105,000
71500	Other Revenue	6,461	6,122	5	12,588
70000	Total Revenue	<u>1,666,994</u>	<u>95,233</u>	<u>26,584</u>	<u>1,788,811</u>
91100	Administrative Salaries	273,591	5,157	2,307	281,055
91200	Auditing Fees	-	-	-	-
91500	Employee Benefits - Administrative	48,448	1,111	573	50,132
91600	Office Expense	68,842	4,801	-	73,643
91700	Legal Expense	1,528	-	-	1,528
91800	Travel	13,957	-	-	13,957
91810	Allocated Overhead	-	-	-	-
91900	Other Operating - Administrative	67,080	1,420	-	68,500
	Total Operating - Administrative	<u>473,446</u>	<u>12,489</u>	<u>2,880</u>	<u>488,815</u>
93100	Water	82,925	-	-	82,925
93200	Electric	99,695	-	-	99,695
93300	Gas	76,769	-	-	76,769
93600	Sewer	43,777	-	-	43,777
93800	Other	14,130	-	-	14,130
93000	Total Utilities	<u>\$ 317,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,296</u>

**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE
JUNE 30, 2015**

Line Item #	Description	Low Rent Public Housing Program	HCV Program	MOD Rehab	Total
94100	Ordinary Maintenance and Operation - Labor	\$ 251,977	\$ -	\$ -	\$ 251,977
94200	Ordinary Maintenance and Operation - Materials	116,738	109	-	116,847
94300	Ordinary Maintenance and Operation - Contracts	133,051	-	-	133,051
94500	Employee Benefits - Administrative	44,617	-	-	44,617
94000	Total Maintenance	<u>546,383</u>	<u>109</u>	<u>-</u>	<u>546,492</u>
96110	Property Insurance	46,320	-	-	46,320
96120	Liability Insurance	17,761	121	-	17,882
96130	Workman's Compensation	12,598	8	-	12,606
96140	All Other Insurance	8,149	151	-	8,300
96100	Total Insurance Premiums	<u>84,828</u>	<u>280</u>	<u>-</u>	<u>85,108</u>
96210	Compensated Absences	23,771	2,798	-	26,569
96300	Other	714	14	-	728
96400	Bad Debt Tenant Rents	225,804	-	-	225,804
96000	Total Other General	<u>250,289</u>	<u>2,812</u>	<u>-</u>	<u>253,101</u>
	Total Operating Expenses	<u>1,672,242</u>	<u>15,690</u>	<u>2,880</u>	<u>1,690,812</u>
	Excess of Operating Revenues over Operating Expenses	<u>\$ (5,248)</u>	<u>\$ 79,543</u>	<u>\$ 23,704</u>	<u>\$ 97,999</u>
97200	Casualty Losses - Non-Capitalized	-	-	-	-
97300	Housing Assistance Payments	-	122,500	19,710	142,210
97350	HAP Portability In	-	4,214	-	4,214
97400	Depreciation Expense	305,140	35	-	305,175
97500	Fraud Losses	-	-	-	-
	Total Other Expenses	<u>305,140</u>	<u>126,749</u>	<u>19,710</u>	<u>451,599</u>
10010	Operating Transfers In	59,257	-	-	59,257
10020	Operating Transfers Out	(59,257)	-	-	(59,257)
10091	Inter Project Excess Cash Transfer In	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Excess of Revenue over Expenses	<u>\$ (310,388)</u>	<u>\$ (47,206)</u>	<u>\$ 3,994</u>	<u>\$ (353,600)</u>

**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE
JUNE 30, 2015**

Line Item #	Description	Low Rent Public Housing Program	HCV Program	MOD Rehab	Total
11030	Beginning Equity	\$ 8,616,478	\$ 119,997	\$ 7,187	\$ 8,743,662
	Adjustments	(329,136)	(5,266)	-	(334,402)
	Ending Equity	<u>\$ 7,976,954</u>	<u>\$ 67,525</u>	<u>\$ 11,181</u>	<u>\$ 8,055,660</u>
11190	Unit Months Available	\$ 3,156	\$ 480	\$ 96	\$ 3,732
11210	Number of Unit Months Leased	2,773	400	96	3,269
11620	Building Purchases	<u>2,456</u>	<u>-</u>	<u>-</u>	<u>2,456</u>
11621	Furniture	<u>\$ 73,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,958</u>

City of Gallup

Schedules of Required Supplementary Information

**Schedule of the City of Gallup Proportionate Share of the Net Pension Liability of
PERA Fund Division – Municipal General
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years***

MUNICIPAL GENERAL FUND

	<u>2015</u>
City's proportion of the net pension liability (asset)	1.0439%
City's proportionate share of the net pension liability (asset)	\$ 8,143,540
City's covered-employee payroll	\$ 14,695,211
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.42%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014.

City of Gallup

Schedules of Required Supplementary Information

Schedule of the City of Gallup Proportionate Share of the Net Pension Liability of

PERA Fund Division – Municipal Police

Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

MUNICIPAL POLICE FUND**2015**

City's proportion of the net pension liability (asset)		1.5291%
City's proportionate share of the net pension liability (asset)	\$	4,984,700
City's covered-employee payroll	\$	5,729,321
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		87.00%
Plan fiduciary net position as a percentage of the total pension liability		81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014.

City of Gallup

Schedules of Required Supplementary Information

**Schedule of the City of Gallup Proportionate Share of the Net Pension Liability of
PERA Fund Division – Municipal Fire
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years***

MUNICIPAL FIRE FUND

	<u>2015</u>
City's proportion of the net pension liability (asset)	1.6470%
City's proportionate share of the net pension liability (asset)	\$ 6,874,567
City's covered-employee payroll	\$ 4,609,911
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	149.13%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014.

STATE OF NEW MEXICO
City of Gallup
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal General
Last 10 Years*

Schedule IX

MUNICIPAL GENERAL FUND

	<u>2015</u>
Contractually required contribution	\$ 1,403,393
Contributions in relation to the contractually required contribution	<u>1,403,467</u>
Contribution deficiency (excess)	<u>\$ (74)</u>
City's covered-employee payroll	\$ 14,695,211
Contributions as a percentage of covered-employee payroll	9.55%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014. Totals include City pick up of employee share.

STATE OF NEW MEXICO
City of Gallup
Notes to Schedule
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Police
Last 10 Years*

Schedule X

MUNICIPAL POLICE FUND

	<u>2015</u>
Contractually required contribution	\$ 1,082,842
Contributions in relation to the contractually required contribution	<u>1,083,660</u>
Contribution deficiency (excess)	<u>\$ (818)</u>
City's covered-employee payroll	\$ 5,729,321
Contributions as a percentage of covered-employee payroll	18.91%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014. Totals include City pick up of employee share.

STATE OF NEW MEXICO
City of Gallup
Notes to Schedule
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Fire
Last 10 Years*

Schedule XI

MUNICIPAL FIRE FUND

	<u>2015</u>
Contractually required contribution	\$ 998,045
Contributions in relation to the contractually required contribution	<u>998,183</u>
Contribution deficiency (excess)	<u>\$ (138)</u>
City's covered-employee payroll	\$ 4,609,911
Contributions as a percentage of covered-employee payroll	21.65%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No information available for 2006-2014. Totals include City pick up of employee share.

City of Gallup

**Notes to the Schedule of Required Supplementary Information
For the Year Ended June 30, 2015****Changes of benefit terms.**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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COMPLIANCE SECTION



Report on internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in Accordance with Governmental Auditing Standards.

INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor and City Council
City of Gallup
Gallup, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general, of the City of Gallup, New Mexico (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City presented as supplementary information, and have issued our report thereon dated November 10, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify Material weaknesses in internal control, described in the accompanying schedule of findings and questions costs that we consider to be material weaknesses FS 2012-005, FS 2015-001, FSHA 2012-002 (CU), and FSHA 2014-001 (CU). We identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies FAHA 2013-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items FS 2013-001, FSHA 2012-009 (CU), FSHA 2012-009 (CU), FSHA 2014 -001 (CU).

The City's Response to Findings

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

Purpose of this Report

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

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors –Business Consultants - CPAs
Albuquerque, New Mexico
November 10, 2015

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FEDERAL FINANCIAL ASSISTANCE



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor and City Council
City of Gallup
Gallup, New Mexico

Report on Compliance for the Major Federal Program

We have audited The City of Gallup, New Mexico, and the Gallup Housing Authority (collectively referred to as “the City” herein) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2015. The City’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and 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’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We identified the following significant deficiency in internal control FAHA 2013-001.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors –Business Consultants - CPAs
Albuquerque, New Mexico
November 10, 2015

STATE OF NEW MEXICO
City of Gallup
Schedule of Expenditures of Federal Awards
For the year Ended June 30, 2015

Schedule XII

<u>Funding Source/Grantor or Contract Name</u>	<u>CFDA Number</u>	<u>Federal Grant Number</u>	<u>Federal Expenditures</u>
US department of Health and Human Services			
North Central NM Economic Dev	93.044	2014-15-60013 IIIB	\$ 29,294
North Central NM Economic Dev	93.045	2014-15-60013 IIIC1	25,904
North Central NM Economic Dev	93.045	2014-15-60013 IIIC2	7,102
North Central NM Economic Dev	93.053	2014-15-60013 NSIP	46,123
			<u>108,423</u>
 US department of the Interior			
Bureau of Reclamation	15.530	R14AP00030	32,116
Bureau of Reclamation	15.530	R12AP40017	3,494
Department of Interior BOR	15.552	11-WC-40-435	4,014,283
			<u>4,049,893</u>
 US Department of Transportation			
Traffic Safety Bureau	20.608	14-AL-64-037	9,154
US DOT Federal Aviation	20.106	3-35-00019-023-2012	51,095
			<u>60,249</u>
 Community Development Block Grant			
CDBG	14.228	12-C-NR-I-01-G-16	240,422
			<u>240,422.00</u>
Total Federal Financial Assistance			<u><u>\$ 4,458,987</u></u>

STATE OF NEW MEXICO
City of Gallup Housing Authority
Schedule of Expenditures of Federal Awards
For the year Ended June 30, 2015

Schedule XIII

Department of Housing and Urban Development

Housing Choice Voucher Program	14.871	Component Unit	\$ 89,096
Low Rent Public Housing program *	14.850	Component Unit	731,439
Public Housing Capital Fund Program	14.872	Component Unit	133,040
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Component Unit	<u>26,579</u>
<i>Total Department of Housing and Urban Development</i>			<u>\$ 980,154</u>

Notes to the 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 governmental fund financial statements, except for the proprietary funds. 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.

Non-Cash Federal Assistance

The City did not receive any non-cash federal assistance during the year.

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

City of Gallup:

Total Federal awards expended per the schedules of expenditures of federal awards	\$ 4,458,987
Expenditures funded by other sources	<u>72,356,945</u>
Total Expenditures	<u>\$ 76,815,932</u>

City of Gallup Housing Authority:

Total Federal awards expended per the schedules of expenditures of federal awards	\$ 980,154
Expenditures funded by other sources	<u>1,162,413</u>
Total Expenditures	<u>\$ 2,142,567</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

Section I - SUMMARY OF AUDIT RESULTS

Financials Statements:

1. Type of auditors' report issued

City of Gallup ----- Unmodified
City of Gallup Housing Authority -----Qualified

2. Internal control over financial reporting:

a. Material weakness identified? Yes
b. Significant deficiencies identified? Yes
c. Noncompliance material to the financial statements? Yes

Federal Awards:

1. Internal control over major programs:

a. Material weaknesses identified? No

b. Significant deficiencies identified not considered to be material weaknesses? Yes

2. Type of auditors' report issued on compliance for major programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes

4. Identification of major programs: 15.552 and 14.850

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000

6. Auditee qualified as a low-risk auditee under the requirements set forth by OMB Circular A-133 section 530? No

**STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

SECTION II – PRIOR YEAR AUDIT FINDINGS

Financial Statement- Primary Government:

FS 2012-002 (FS 12-02) Financial Statement Adjustments – Material Weakness-Resolved

FS 2012-003 (FS 12-03) Internal Controls – Lack of Segregation of Duties and Internal Controls (Payroll, Receipts and Disbursements Cycle) – Material Weakness-Resolved

FS 2012-004 (FS 12-04) Capital Assets – Material Weakness-Resolved

FS 2012-005 (FS 12-05) Entity-Wide Control Deficiency – Material Weakness (Repeat/Modified)

FS 2012-006 (FS 12-06) Internal Controls over Non-Standard Journal Entries – Material Weakness- Resolved

FS 2012-008 (FS 12-08) Inadequate Closing Cycle – Material Weakness-Resolved

FS 2013-001 Untimely Submission of PERA/ RHC reports – Noncompliance (Repeat/Modified)

FS 2013-002 Stale Dated Checks – Other Matters-Resolved

FS 2014-001 –Budgeted Cash in Excess of Available Balance – Resolved

Federal Award- Primary Government:

None Noted

Financial Statement and Federal Awards- Component Unit:

FSHA 2008-007 (FSHA 08-07) Internal Control over Financial Reporting – Material Weakness – Resolved

FSHA 2012-001 (FSHA 12-01) Deficiencies in Internal Control Structure Design, Operation, and Oversight – Material Weakness/ Noncompliance – Resolved

FSHA 2012-002 (FSHA 12-02) Internal Controls/Segregation of Duties – Material Weakness – Repeated

FSHA 2012-003 (FSHA 12-03) Internal Control Deviations – Disbursements – Material Weakness – Resolved

FSHA 2012-004 (FSHA 12-04) Capital Assets Listing – Material Weakness/Material Noncompliance – Resolved

FSHA 2012-005 (FSHA 12-05) RHC Reports and the General Ledger – Other Matter – Resolved

FSHA 2012-007 (FSHA 12-07) Internal Control Deficiencies – Payroll – Material Weakness – Resolved

FSHA 2012-008 (FSHA 12-08) Noncompliance with Procurement Code – Noncompliance – Resolved

FSHA 2012-009 (FSHA 12-09) Cash Deposits not made timely – Other Matter – Repeated and Modified

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SECTION II – PRIOR YEAR AUDIT FINDINGS (continued)

Financial Statement and Federal Awards- Component Unit (continued):

FSHA 2012-010 (FSHA 12-10) Stale Dated Transactions Not Cancelled – Noncompliance – Resolved

FSHA 2012-011 (FSHA 12-11) Inventories – Material Weakness – Resolved

FSHA 2012-012 (FSHA 12-12) Inadequate Review of Manual Journal Entries – Material Weakness – Resolved

FSHA 2012-015 (FSHA 12-15) Procurement Code (Related Parties) – Significant Deficiency – Resolved

FSHA 2013-001 (FSHA 13-01) Tenant Rent Receivables and Prepaid Rents – Material Weakness – Resolved

FAHA 2012-002 (FAHA 12-02) Deficiencies in Internal Control Structure Design, Operation and Oversight – Mechanisms

To Identify Risks of Inaccurate Financial Reporting – Material Weakness – Repeated

FAHA 2012-003 (FAHA 12-03) Deficiencies in Internal Control Structure Design, Operation and Oversight – Tracking

Property and Equipment Purchased with Federal Award Funds – Material Weakness/ Noncompliance – Resolved

FAHA 2012-004 (FAHA 12-04) Reporting – Noncompliance – Resolved

FAHA 2012-005 (FAHA 12-05) Circular A-87 Cost Principles and Allowable Activities – Material Weakness/Noncompliance – Resolved

FAHA 2013-001 (FAHA 13-01) Lack of Proper Documentation in Tenant Files – Material Weakness/ Noncompliance – Repeated/Modified

FSHA 2014-004 – Bank Reconciliation – Significant Deficiency-Resolved

FSHA 2014-003 – Personal Use of Housing Authority Vehicle – Other Matter-Resolved

FSHA 2014-002 – PERA Reports and the General Ledger – Other Matter-Resolved

FSHA 2014-001 Travel and Per Diem – Noncompliance-Repeated and modified

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AUDIT FINDINGS-Primary Government

**FS 2012-005 (FS 12-05) Entity-Wide Control Deficiency – Material Weakness
(Repeat/Modified)**

Condition: During our process of understanding the entity and its environment, we noted instances where elements of the framework of Committee of Sponsoring Organizations (COSO) were nonexistent or deficient. We noted that the risk assessment element and monitoring element were not documented or sufficiently designed. We also noted the following deficiencies:

- During our audit procedures, we noted that the City has insufficient internal controls to properly identify and assess fraud risks.
- During our audit procedures, we noted that the City has insufficient internal controls to properly identify and assess risks related to employee turnover and employee retirements.
- The City does not have a proper structure in place for the finance department to ensure that duties, control, and monitoring functions are delegated to individuals at the appropriate level of the entity and that proper oversight is in place over these functions.
- The City did not properly provide accurate accrual account listings at year end.
- During audit review and testing procedures performed, we noted the city lacked proper written procedures at the entity wide level.

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

Effect: Without all of the five elements of the COSO framework present, the City is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the City.

Cause: Due to the turnover in management several times throughout the prior years, the City's internal controls that were implemented in prior years were not implemented or monitored fully during the fiscal year 2015.

Auditors' Recommendation: We recommend that the City incorporate the five elements of the COSO internal control integrated framework in their organization as planned. We also recommend the City prepare a written listing of policies and procedures.

Managements Progress: None

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Managements Response: The City will work at implementing the COSO framework citywide to better demonstrate strong controls to prevent fraud by identifying the risks. We will further design a succession plan that identifies key top level positions within the City and how to manage the workload at time of absence due to retirement or separation from service. The finance department will establish a set of policies specifically for the department to follow to ensure that proper controls are in place that support separation of duties and review of financial data to ensure integrity in our records. Patricia Holland hopes to have this implemented by 6/30/2016.

**FS 2013-001 Untimely Submission of PERA/ RHC reports – Noncompliance
(Repeat/Modified)**

Condition: During our procedures we were unable to verify that the payments made to PERA were made within the due date for 20 of the 26 pay periods during Fiscal Year 2015. Criteria: Section 2 of the NMSA Employer Guide, "Both the Wage and Contribution Report (WCR) and the combined contributions are due to PERA no later than the fifth working day after the payday applicable to the payroll period being reported. Also, per 10-7C-15(D) NMSA 1978- requires contributions to be received by the 10th day of the month following the last pay period ending date

Effect: Per NMSA statute 10-11-126, and 10-7C-15(D) NMSA 1978, "The association may assess an interest charge and a penalty charge on any remittance not made by its due date."

Cause: Management is not completing the required reports in a timely manner related to PERA and RHC reports.

Auditors' Recommendation: The City should implement internal controls and processes to ensure timely reporting to PERA and RHC.

Managements Progress: Reports are currently being filed on time.

Managements Response: We are working to make the final operating changes needed to support this function. We acknowledge the importance of being on time with the reporting and payments to PERA. Recommended changes to further support the timely processing have been submitted to the City Manager that will further accurate and timely submission. Patricia Holland hopes to have this implemented by 6/30/2016.

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New Findings:

FS 2015-001 Entity-Wide Control Deficiency-Lack of Written Policies and Procedures – Material Weakness (New)

Condition: During our process of understanding the entity and its environment, we noted instances the City lacked written policies and Procedures in all areas with the exception of the cashier station and purchasing.

Criteria: The City lacks any written polices for the control structure of the accounting environment. Although segregation of duties and proper reviews had been put in place, the City still lacks proper documentation.

Effect: The employees have no official set of standards without the proper documentations of said controls.

Cause: The City has never set aside the funds for said documents to be properly prepared.

Auditors' Recommendation: We recommend the City enact a written set of policies and procedures as soon as possible.

Managements Progress: New

Managements Response: The City will be addressing this in the coming months. The departments are being reviewed to properly identify the appropriate segments for the overall policies to be written. We will be bringing in expert support to ensure the policies are providing strong controls and efficient procedures in order to support a strong control environment within the City as well as completing this task timely. Patricia Holland hopes to have this implemented by 6/30/2016.

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Gallup Housing Authority
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AUDIT FINDINGS- Component Unit Gallup Housing Authority

FSHA 2012-002 (FSHA 12-02) Internal Controls/Segregation of Duties – Material Weakness – Repeated

Condition: The Authority lacks adequate internal controls over its accounting processes. During review of internal control procedures, we noted that the prior Executive Director had the ability to perform management override over all major functions of the Authority related to the accounting processes.

Criteria: Systems of internal control with the most favorable designs allow for an adequate segregation of duties to reduce the risk of error or fraud because they are structured using a combination of controls designed to either detect instances of error or fraud that occur, or optimally, to prevent instances of error or fraud before they occur (AU 325). Section 6-5-2, NMSA 1978, requires that the authority shall implement internal control accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect: The Authority's books or records had in previous years contained misstatements related to alleged fraud, which were not detected within a timely manner. We believe the fraud has been corrected, but the previous issue has led to errors with the beginning account balances of the Authority.

Cause: The Authority and Oversight Committee did not assess risks or implement internal controls to segregate duties.

Auditors' Recommendation: We recommend that the Authority continue to monitor the risks involved with segregation of duties to the utmost.

Agency's Progress: The Authority has made progress in regards to said issue, however minor issues with Per Diem and Grants remain.

Agency's Response: Agency has corrected issue, finding should not remain in upcoming audits. Richard Kontz believes issue was corrected 8/30/2015.

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Gallup Housing Authority
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FSHA 2012-009 (FSHA 12-09) Cash Deposits not made timely – Compliance – Repeated and Modified

Condition: During testwork performed over cash receipts 5 out of 5 receipts tested totaling \$5,973.29 were not deposited in a timely manner.

Criteria: Good accounting practices and state law require cash deposits to be made in a timely manner.

Effect: The Authority is not maintaining adequate controls over cash, which increases the risk of misappropriation of assets.

Cause: The Authority does not have procedures in place requiring staff to make deposits in a timely manner. In addition, supervisors are not overseeing the process.

Auditors' Recommendation: We recommend that the Authority establish policies and procedures for making timely cash deposits from department receipting locations.

Agency's Progress: The Authority has yet to correct this issue.

Agency's Response: Agency will follow policies and procedures in regards to matter. Richard Kontz hopes to have this corrected by 6/30/2016.

FSHA 2014-001 Travel and Per Diem – Material Noncompliance

Condition: During test-work over travel and per diem, we noted that 2 out of 5 transactions tested, the Authority over paid for actual mileage as well as paying for the gas itself.

Criteria: NMAC 2.2.10 G (2) requires the Authority to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, for all per diem and reimbursement rates.

Effect: The risk that the Authority may be overpaying monies for reimbursements using public funds.

Cause: The noncompliance was due to an oversight by management during the travel internal control process.

Auditors' Recommendation: We recommend the Authority review the Per Diem and Mileage Act to ensure policies and procedures are in line with the requirements when paying per diem and travel reimbursements.

Agency's Progress: Issue has been improved, but issues still remain.

Agency's Response: Agency will follow policies and procedures in regards to matter. Richard Kontz hopes to have this corrected by 6/30/2016.

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Gallup Housing Authority
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FAHA 2013-001 (FAHA 13-01) Lack of Proper Documentation in Tenant Files – Noncompliance-Significant Deficiency – Repeated and Modified

Federal Program Information:

Funding Agency: U.S. Department of Housing and Urban Development

Title: Public and Indian Housing

CFDA Number: 14.850

Condition: During test-work over 40 tenant files we noted the following:

- In one instances, the application for voluntary update is not signed, although the recertification paperwork is signed.
- In one instance, one of the adults living in the household did not sign the recertification application.
- In one instances, there is no supporting documentation for income used in the HUD-50058, and no follow-up on indication of additional income disclosed by the tenant.
- In one instance, tenant disclosed that they own a savings/Checking account. The value of this asset was not documented.

Criteria: In accordance with 24 CFR sections 5.230, 5.609, and 982.516, as a condition of admission or continued occupancy, the Housing Authority must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility. The Housing Authority is also required to re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification. The Housing Authority must establish and comply with policies in regards to its treatment of the Public Housing Waiting List. In addition, good accounting, program income, and cash management requires that rental income be properly collected, secured, recorded, and that tenant rent receivables be reconcilable to the general ledger control account.

Effect: The Housing Authority could be providing services to tenants who are not eligible for the program. As a result, it could affect funding for the program. The Housing Authority is at risk for fraud or misappropriation of its assets due to a lack of controls over the receipt and recording of rental income.

Cause: Files from Gallup Housing Authority lacked proper documentation and management of the Housing Authority did not provide sufficient monitoring to ensure that tenant files and eligibility determinations were being performed timely, that Forms HUD-50058 were accurate, that rent calculations were accurate, that waiting list policies were adhered to, that rent was being properly collected and recorded, or that tenant files were complete.

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Auditors' Recommendation: Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility, waiting list, and special reporting requirements as identified by the Department of Housing and Urban Development.

Agency's progress: Authority is near compliance with previous issue. The finding has been changed to non-compliance, and materiality has been removed.

Agency's Response: Clearly previous Executive Management and Program Management staff did not following existing policies and procedures. The corporate culture was one of incompetence and neglect. Clearly ethical behavior was not a high priority. The new Executive Management, Accounting and Program management staff are actively cleaning up the problems in this area. All staff are being held accountable for compliance issues and non-compliance will not be tolerated as in the past. In addition, a policy and procedure will be put in place for "peer file" review and/or requesting that the HUD Alb. Office sent a staff person annual to conduct a review of a significant sample of tenant files as well as Section 8 files. Richard Kontz hopes to have this corrected by 6/30/2016.

**STATE OF NEW MEXICO
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OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2015**

Other Disclosures

Exit Conference

An exit Conference Was held on November 10, 2015. In attendance were the following:

Representing the City of Gallup:

Jackie McKinney	Mayor
Maryann Ustick	City Manager
Patty Holland	Chief Financial Officer

Representing the Kubiak Melton & Associates:

Robert Peixotto, CPA
Geoff Mamerow, Audit Manager

Auditor Prepared Financial Statements

Kubiak Melton & Associates, LLC prepared the GAAP – based financial statements and the footnotes of the City of Gallup from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.