



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
CITY OF GALLUP**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2016

**STATE OF NEW MEXICO
CITY OF GALLUP
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For the Year Ended June 30, 2016**

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**STATE OF NEW MEXICO
CITY OF GALLUP
Official Roster
As of June 30, 2016**

CITY COUNCIL

NAME	TITLE
Jackie McKinney	Mayor
Linda Garcia	Councilor - District #1
Allan Landavazo	Councilor - District #2
Yogash Kumar	Councilor - District #3
Fran Palochack	Councilor - District #4

ADMINISTRATIVE OFFICIALS

NAME	TITLE
Maryann Ustick	City Manager
George Kozeliski	City Attorney
Patty Holland, CPA	Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Tim Keller
New Mexico State Auditor
To the City Manager and City Councilors
The 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 comparison for the general fund of the City of Gallup (the City), as of and for the year ended June 30, 2016, 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, internal service funds, fiduciary funds, and the budgetary comparisons for the major proprietary fund 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, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, 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, internal service fund, and fiduciary funds of the City as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the proprietary funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the 2016 financial statements have been restated due to misstatements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, and the Schedules related to PERA and Net Pension Liabilities, listed as "Required Supplemental Information" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, the schedule of changes in assets and liabilities - agency funds, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the financial data schedule required by the U.S. Department of Housing and Urban Development, and the other schedules listed as "other supplemental information" in the table of contents, required by 2.2.2 NMAC 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, the financial data schedule, and other schedules listed as "other supplemental information (audited)" in the table of contents, required by 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 auditing standards generally accepted in the United States of America. In our opinion, the additional schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The other schedules listed as "other supplemental information (unaudited)" in the table of contents, have 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 22, 2016 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.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle + Landers, PC
Albuquerque, New Mexico
November 22, 2016

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

As management of the City of Gallup, we offer the readers of the City of Gallup financial statements this narrative overview and analysis of the financial activities of the City of Gallup for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Gallup and additional information provided.

Financial Highlights

- The assets of the City of Gallup exceeded its liabilities at the close of the most recent fiscal year by \$167,445,776 (*net position*). Of this amount, \$66,672,848 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's governmental activities net position decreased by \$4,197,591, compared to prior year. The negative change was related to a negative \$8,558,160 restatement, although the governmental activities had a positive change in net position of \$4,360,569. Charges for services, capital grants, and gross receipts grew to help generate higher revenues while expenses were held to minimal growth, which led to the position change in net position.
- The business-type activities total net position assets increased by \$15,155,467, compared to prior due to a positive restatement of \$3,067,187 and position change in net position of \$12,088,280.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements are found in this report as noted in the Table of Contents.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gallup, like other state and

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Gallup can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Gallup maintains twenty (20) individual governmental funds. Information is presented separately in the governmental fund financials and the combining and individual fund statements and schedules. The major governmental fund consists of only the General Fund. Data from the other nineteen (19) governmental funds are also combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in this report, in the form of the combining and individual fund statements and schedules, as noted in the Table of Contents.

The City of Gallup adopts an annual appropriated budget for its general fund and all other governmental funds. A budgetary comparison statement has been provided for all its funds to demonstrate compliance with this budget.

The budgets of each governmental fund are found in this report as noted in the Table of Contents.

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

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

The basic proprietary fund financial statements are found in this report as noted in the Table of Contents.

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

The basic fiduciary fund financial statements are found in this report as noted in the Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found in this report as noted in the Table of Contents.

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules are found in this report as noted in the Table of Contents.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Gallup, assets exceeded liabilities by \$167,4445,776 at the close of the most recent fiscal year.

The largest portion of the City of Gallup' net position, 54%, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment less accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole. This was also true for the prior fiscal year.

**City of Gallup
Net Position
(In thousands)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Current and other assets	\$ 23,434	22,505	83,387	72,221	106,820	94,726
Capital assets, net of accumulated depreciation	64,067	71,918	64,453	57,798	128,520	129,716
Deferred outflows of resources	4,416	2,964	827	521	5,242	3,485
Total assets and deferred outflows or resources	<u>91,917</u>	<u>97,388</u>	<u>148,666</u>	<u>130,539</u>	<u>240,583</u>	<u>227,927</u>
Long-term liabilities outstanding	40,682	33,835	21,113	18,286	61,794	52,121
Other Liabilities	3,800	8,064	6,269	5,091	10,069	13,155
Deferred inflows of resources	603	4,979	20	1,185	623	6,163
Total liabilities and deferred inflows of resources	\$ <u>45,084</u>	<u>46,878</u>	<u>27,402</u>	<u>24,562</u>	<u>72,486</u>	<u>71,440</u>
Net position	\$ <u>46,832</u>	<u>50,510</u>	<u>121,264</u>	<u>105,978</u>	<u>168,097</u>	<u>156,488</u>

Overall net position increased by \$11,608,668. This was a 7% increase from prior year. Many of the City's grant projects rolled over from prior year grant awards. Overall revenues increased with charges for services, capital grants and gross receipts tax being the largest contributing units. Expenses increased only slightly overall. During the year, the City began a major renovation of the Golf Course that is expected to be complete by the end of Fiscal year 2017.

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

**City of Gallup
Statement of Activities
(In thousands)**

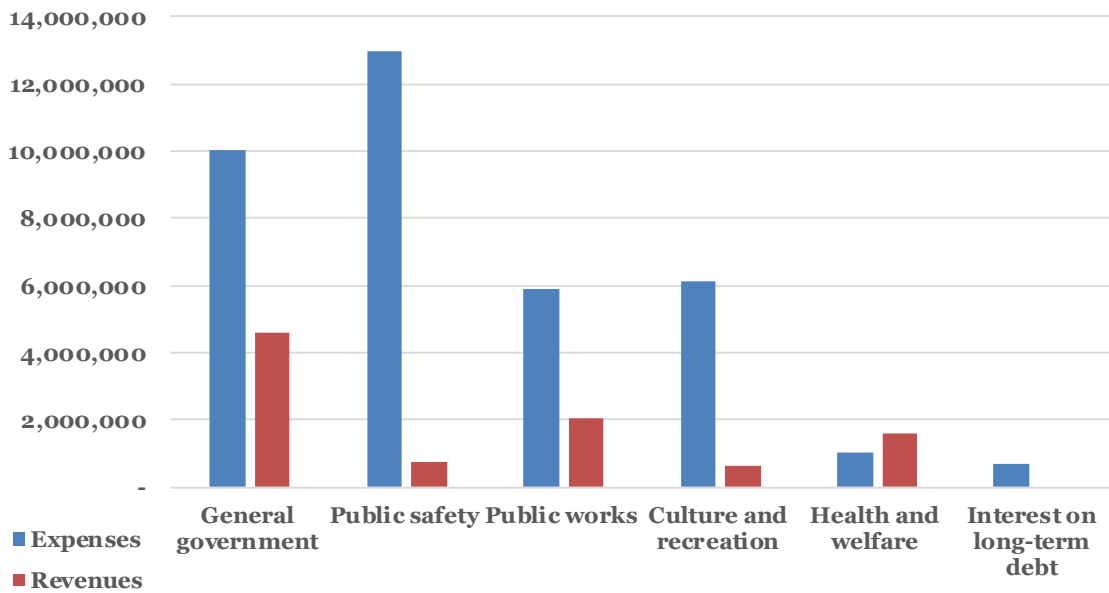
	Governmental Activities		Business-type Activities		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenues						
Taxes	\$ 27,481	28,473	4,650	1,862	32,131	30,335
Intergovernmental	4,441	3,275	5,666	3,860	10,106	7,134
Charges for services	5,162	3,710	38,127	36,518	43,288	40,227
Other	410	1,287	2,060	2,152	2,470	3,439
Total revenue	37,494	36,745	50,503	44,391	87,996	81,136
Expenses						
General government	10,050	12,065	-	-	10,050	12,065
Public safety	12,968	12,028	-	-	12,968	12,028
Public works	5,895	3,115	-	-	5,895	3,115
Culture and recreation	6,148	6,628	-	-	6,148	6,628
Health and welfare	1,024	426	-	-	1,024	426
Interest on long-term debt	700	831	-	-	700	831
Joint utility	-	-	30,202	30,975	30,202	30,975
Solid waste	-	-	3,019	2,695	3,019	2,695
Fitness center	-	-	250	246	250	246
Rodeo	-	-	235	196	235	196
Gamerco	-	-	405	527	405	527
Total expenses	36,786	35,092	34,111	34,639	70,897	69,731
Transfers	4,172	271	(4,172)	(271)	-	-
Change in net position	\$ 4,880	1,924	12,219	9,481	17,100	11,405

Governmental activities. Governmental activities increased the City's net position by \$4,360,569, thereby accounting for 26% of the total increase in the net position of the City. Key elements of this increase are as follows:

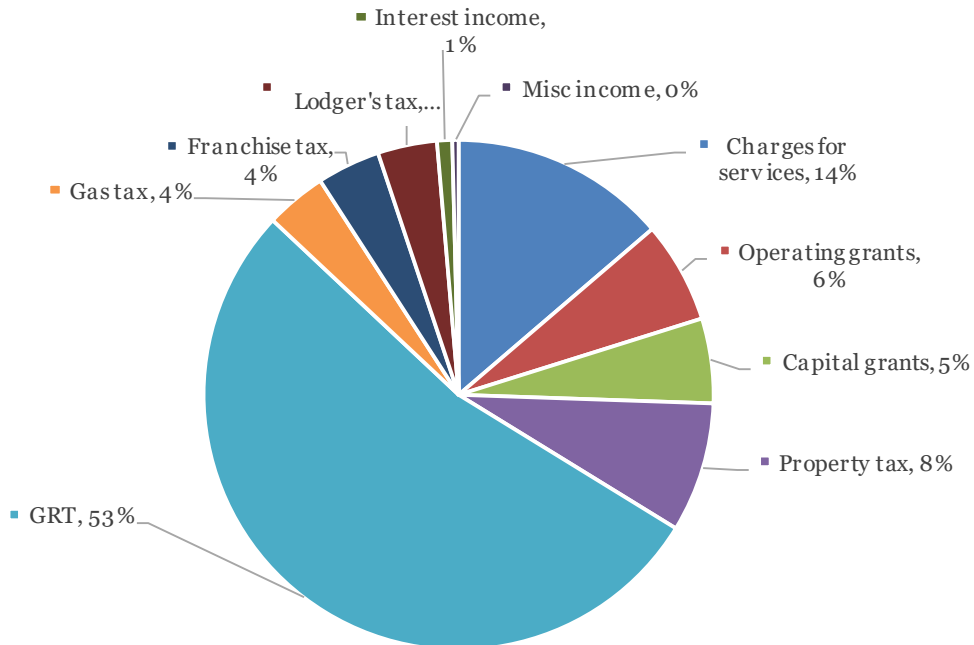
- Operating and capital grants increased by \$1,165,836, primarily due to the continuing efforts to renew and obtain new funding.
- Charges for services increased by \$1,452,224 due to increases in usage of recreational facilities around the City as well as special programs in public safety.
- Expenses increased by \$1,213,397, representing an increase of 3% from the prior fiscal year.

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

**Governmental Activities
Expenses and Program Revenues**



Governmental Activities Revenue Sources



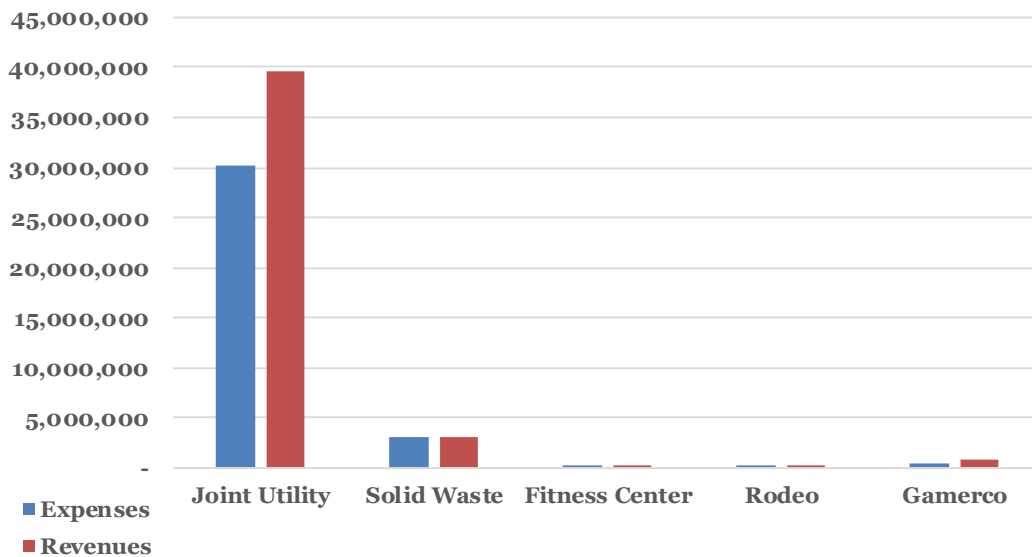
Business-type activities. Business-type activities increased the City's net position by \$12,088,280 accounting for 74% of the total growth of the government's net position. Key elements of this increase are as follows:

- Charges for services increased by \$1,608,709, representing a 4% increase from the prior fiscal year, primarily due to rate increases to help support upcoming capital projects and major repair and maintenance of the utility system.

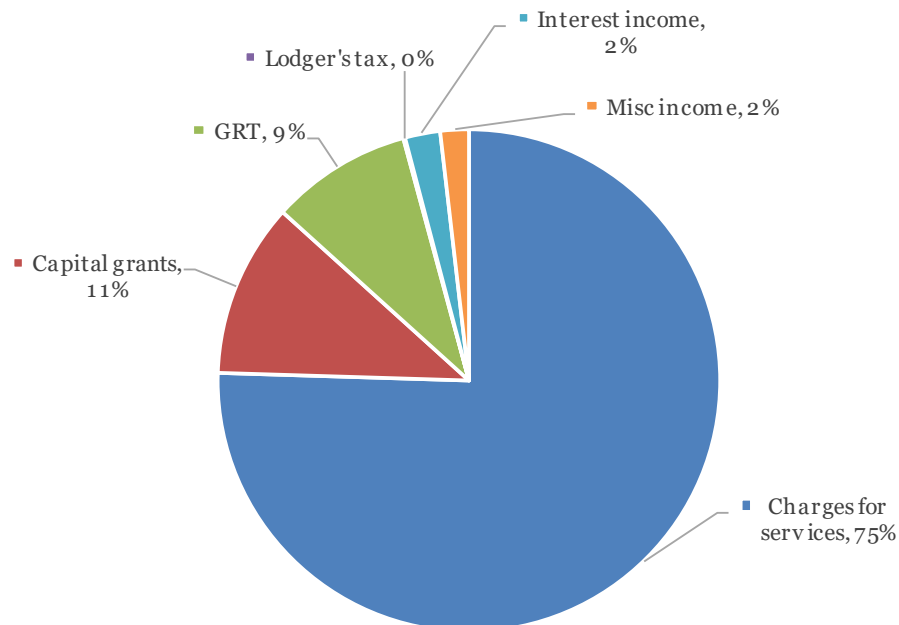
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Management's Discussion and Analysis
For the Year Ended June 30, 2016**

- Operating and capital grants increased by \$1,806,066, representing a 47% increase from the prior fiscal year. This is from activity with NMFA to fund the Navajo Gallup pipeline project.
- Overall expenses for business-type activities decreased \$396,949. Specifically, the expenses for the Joint Utility fund decreased \$660,377, representing a decrease of 2% from the prior fiscal year.

**Business-Type Activities
Expenses and Program Revenues**



Business-Type Activities Revenue Sources



**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,745,360, an increase of \$1,735,855, or 10%, in comparison with the prior year. The General Fund individually had an increase in fund balance of \$370,488, which is available for spending at the City's discretion.

Key factors in this increase are as follows:

- State operating and capital grants increased by \$561,703,
- Capital outlay decreased by \$4,528,200, and
- Expenses decreased by \$6,950,917.

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

Total unrestricted net position at the end of the year amounted to \$71,956,484. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled \$1,716,031 in revenues and \$2,662,173 in expenditures and can be briefly summarized as follows:

- Revenues had an increase in gross receipts tax of \$785,660 due to higher than anticipated growth.
- Grants had increased revenue of \$838,888, as a result of renewal of existing grants and receipt of new funding.
- Public safety expenditures increased by \$280,602.
- Inmate housing and miscellaneous items increased by \$997,905.
- Culture and recreation increased by \$51,340.
- Finance and administration increased by \$407,280.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$128,519,916 (net of accumulated depreciation and relate). This investment in capital assets includes land, construction in process, buildings, improvements, machinery and equipment, vehicles, and distribution systems; net of accumulated depreciation. The total decrease in the City's investment in capital assets for the current fiscal year was 1% (10.9% decrease for governmental activities and 11.5% increase for business-type activities).

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

- Land and construction in process acquisitions, deletions, and restatements resulted in a combined decrease of \$2,672,355.
- Building acquisitions, deletions, and restatements, net accumulated depreciation, resulted in a decrease of \$9,880,662.
- Miscellaneous improvements acquisitions, deletions, and restatements, net accumulated depreciation, resulted in a decrease of \$2,607,064.

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

- Equipment acquisitions, deletions, and restatements, net accumulated depreciation, resulted in a decrease of \$21,147,866.
- Infrastructure acquisitions, deletions, and restatements, net accumulated depreciation, resulted in an increase of \$15,350,561.

**City of Gallup
Capital Assets
(In thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Land	\$ 13,441	9,023	2,793	2,538	16,234	11,561
Construction in progress	487	-	12,086	19,918	12,573	19,918
Buildings	15,957	27,437	21,780	419	37,737	27,857
Other improvements	322	1,071	544	2,402	866	3,473
Equipment	2,560	2,186	2,956	24,477	5,516	26,663
Infrastructure	31,300	32,201	24,294	8,042	55,594	40,243
Net capital assets	\$ 64,067	71,918	64,453	57,798	128,520	129,716

Additional information on the City of Gallup' capital assets can be found in Note 5 in the Notes to the Financial Statements, as noted in the Table of Contents.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,730,000. Of this amount, \$795,000 comprises debt back by property taxes, \$17,285,000 comprises debt backed by gross receipts tax revenues, and \$12,650,000 is backed by revenue generated by Utilities. The remaining balance of \$6,800,541 is made up of loans backed by specific operational revenue sources.

**City of Gallup
Long-term Debt
(In thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GO bonds	\$ 795	1,410	-	-	795	1,410
Revenue bonds	17,285	19,300	12,650	14,635	29,935	33,935
Notes payable	858	963	5,942	3,031	6,801	3,994
Compensated absences	1,090	842	377	180	1,467	1,022
Net pension liability	23,046	16,980	4,553	3,022	27,598	20,003
Landfill closure liability	-	-	207	249	207	249
Total Debt	\$ 43,074	39,495	23,729	21,118	66,803	60,613

During the current fiscal year the City's total debt outstanding decreased by \$5,126,483. During the year the City took out two additional notes payable totaling \$3,318,067.

Credit Ratings

Currently the City does not have a bond rating. We are working to have the rating established within the next fiscal year.

**STATE OF NEW MEXICO
CITY OF GALLUP
Management's Discussion and Analysis
For the Year Ended June 30, 2016**

Debt Limitation

Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt to an aggregate amount, including existing indebtedness, not to exceed four (4) percent of the value of the taxable property in the City as shown by the last preceding general assessments. The current general obligation debt limitation for the City is approximately \$16.8 million, with approximately \$16 million as remaining capacity.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements as noted in the Table of Contents.

Economic Factors and Next Year's Budget

- Budget revenues for fiscal year 2017 were projected using a 5 year average adjusted for a 3 year trend analysis.
- The City budgeted for increased costs in personnel due increased wages for staff. These represent the first cost of living increase awarded by the City since FYE 2013.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance in the general fund decreased \$54,230. The City has appropriated \$1,433,879 of fund balance for spending in the 2017 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges for services during the 2017 fiscal year.

Utilities increased rates for the 2016 budget year. Electric rates increased by an average of 1.1% for all customers and water rates increased by 5.1% overall. These rate increases were necessary to for projected operational needs as well as capital improvements needs and financing of additional capital improvements.

Request for Information

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Net Position
As of June 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Gallup Housing Authority
Assets				
Current assets				
Cash and cash equivalents	\$ 7,766,313	29,966,628	37,732,941	331,551
Restricted cash	358,331	9,577,146	9,935,477	53,772
Investments	10,214,801	36,378,713	46,593,514	-
Receivables:				
Property taxes	249,249	-	249,249	-
Other taxes	3,551,760	598,546	4,150,306	-
Grants receivable	874,936	223,818	1,098,754	12,563
Accounts receivables, net	247,842	4,727,605	4,975,447	56,868
Inventory	140,586	1,914,074	2,054,660	64,081
Prepaid expenses and other current assets	-	-	-	34,938
Due from other funds	30,001	-	30,001	99,644
Total current assets	<u>23,433,819</u>	<u>83,386,530</u>	<u>106,820,349</u>	<u>653,417</u>
Noncurrent assets				
Land and work in progress	13,928,240	14,879,080	28,807,320	1,594,429
Capital assets, depreciable	104,317,339	91,916,219	196,233,558	14,148,616
Less: accumulated depreciation	(54,178,378)	(42,342,584)	(96,520,962)	(7,664,799)
Total noncurrent assets	<u>64,067,201</u>	<u>64,452,715</u>	<u>128,519,916</u>	<u>8,078,246</u>
Total assets	<u>87,501,020</u>	<u>147,839,245</u>	<u>235,340,265</u>	<u>8,731,663</u>
Deferred Outflows of Resources				
Pension deferral	4,415,662	826,789	5,242,451	90,058
Total deferred outflows of resources	<u>4,415,662</u>	<u>826,789</u>	<u>5,242,451</u>	<u>90,058</u>
Total assets and deferred outflows of resources	<u>\$ 91,916,682</u>	<u>148,666,034</u>	<u>240,582,716</u>	<u>8,821,721</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 519,694	2,397,564	2,917,258	33,108
Accrued payroll expenses	590,983	173,898	764,881	20,713
Deposits held in trust for others	-	946,103	946,103	53,772
Accrued interest payable	51,356	21,689	73,045	-
Due to other funds	-	30,001	30,001	99,644
Unearned revenue	-	83,169	83,169	10,883
Bond premium, net	245,742	-	245,742	-
Compensated absences, current portion	708,483	245,138	953,621	13,583
Notes and loans payable, current portion	108,615	332,463	441,078	-
Bonds payable, current portion	1,575,000	2,020,000	3,595,000	-
Landfill closure costs, current portion	-	18,813	18,813	-
Total current liabilities	<u>3,799,873</u>	<u>6,268,838</u>	<u>10,068,711</u>	<u>231,703</u>
Noncurrent liabilities				
Compensated absences	381,492	131,998	513,490	11,113
Notes and loans payable	749,565	5,609,898	6,359,463	-
Bonds payable	16,505,000	10,630,000	27,135,000	-
Landfill closure costs	-	188,125	188,125	-
Net pension liability	23,045,777	4,552,552	27,598,329	511,832
Total noncurrent liabilities	<u>40,681,834</u>	<u>21,112,573</u>	<u>61,794,407</u>	<u>522,945</u>
Total liabilities	<u>44,481,707</u>	<u>27,381,411</u>	<u>71,863,118</u>	<u>754,648</u>
Deferred Inflows of Resources				
Pension deferral	602,715	20,315	623,030	13,155
Total deferred inflows of resources	<u>602,715</u>	<u>20,315</u>	<u>623,030</u>	<u>13,155</u>
Net Position				
Net investment in capital assets	45,077,665	45,838,665	90,916,330	8,078,246
Restricted for:				
Other purposes	6,518,540	2,391,955	8,910,495	-
Security deposits	-	946,103	946,103	-
Unrestricted	(4,763,945)	72,087,585	67,323,640	(24,328)
Total net position	<u>46,832,260</u>	<u>121,264,308</u>	<u>168,096,568</u>	<u>8,053,918</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 91,916,682</u>	<u>148,666,034</u>	<u>240,582,716</u>	<u>8,821,721</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
General government	\$ 10,050,192	3,614,363	987,113	4,141	(5,444,575)	-	(5,444,575)	-
Public safety	12,968,196	139,571	582,341	-	(12,246,284)	-	(12,246,284)	-
Public works	5,895,088	16,881	-	2,017,820	(3,860,387)	-	(3,860,387)	-
Culture and recreation	6,147,777	278,610	378,339	-	(5,490,828)	-	(5,490,828)	-
Health and welfare	1,024,362	1,112,339	471,041	-	559,018	-	559,018	-
Interest on long-term debt	700,372	-	-	-	(700,372)	-	(700,372)	-
<i>Total governmental activities</i>	<u>36,785,987</u>	<u>5,161,764</u>	<u>2,418,834</u>	<u>2,021,961</u>	<u>(27,183,428)</u>	<u>-</u>	<u>(27,183,428)</u>	<u>-</u>
Business-type Activities:								
Joint utility	30,202,120	33,924,357	-	5,665,570	-	9,387,807	9,387,807	-
Solid waste	3,019,442	2,989,917	-	-	-	(29,525)	(29,525)	-
Fitness center	249,680	316,349	-	-	-	66,669	66,669	-
Rodeo	234,866	160,563	-	-	-	(74,303)	(74,303)	-
Gamerco	404,640	735,481	-	-	-	330,841	330,841	-
<i>Total business-type activities</i>	<u>34,110,748</u>	<u>38,126,667</u>	<u>-</u>	<u>5,665,570</u>	<u>-</u>	<u>9,681,489</u>	<u>9,681,489</u>	<u>-</u>
<i>Total Primary Government</i>	<u>70,896,735</u>	<u>43,288,431</u>	<u>2,418,834</u>	<u>7,687,531</u>	<u>(27,183,428)</u>	<u>9,681,489</u>	<u>(17,501,939)</u>	<u>-</u>
Component Units:								
Gallup Housing Authority	\$ 2,123,599	755,645	1,345,508	-	-	-	-	(22,446)
General Revenues:								
Taxes								
Property taxes, levied for general purposes	\$	3,093,049	-	-	3,093,049	-	3,093,049	-
Gross receipts taxes		20,015,641	4,587,245	-	24,602,886	-	24,602,886	-
Gas taxes		1,452,652	-	-	1,452,652	-	1,452,652	-
Franchise tax		1,508,579	-	-	1,508,579	-	1,508,579	-
Lodger's tax		1,411,494	62,642	-	1,474,136	-	1,474,136	-
Interest income		361,727	1,137,312	-	1,499,039	-	1,499,039	31
Miscellaneous income		149,599	928,427	-	1,078,026	-	1,078,026	24,379
Gain/(loss) on sale of assets		(101,530)	(5,257)	-	(106,787)	-	(106,787)	-
Transfers		4,172,477	(4,172,477)	-	-	-	-	-
Total general revenues and transfers		<u>32,063,688</u>	<u>2,537,892</u>	<u>-</u>	<u>34,601,580</u>	<u>-</u>	<u>34,601,580</u>	<u>1,964</u>
Change in net position					4,880,260	12,219,381	17,099,641	1,964
Net position, beginning					50,510,160	105,977,740	156,487,900	8,055,660
Restatements					(8,558,160)	3,067,187	(5,490,973)	(3,706)
Net position, beginning restated					<u>41,952,000</u>	<u>109,044,927</u>	<u>150,996,927</u>	<u>8,051,954</u>
Net position, ending	\$				<u>46,832,260</u>	<u>121,264,308</u>	<u>168,096,568</u>	<u>8,053,918</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Balance Sheet
Governmental Funds
As of June 30, 2016**

	General Fund (101, 390, 392, 393, 394)	Non-Major Governmental Funds	Total
<i>Assets</i>			
Cash and investments	\$ 2,847,859	4,318,896	7,166,755
Restricted cash	-	358,331	358,331
Investments	5,218,477	2,146,238	7,364,715
Inventory	140,586	-	140,586
Receivables:			
Property taxes	203,926	45,323	249,249
Other taxes	3,450,834	100,926	3,551,760
Grants receivable	35,558	839,378	874,936
Accounts receivables, net	180,047	67,795	247,842
Due from other funds	325,001	-	325,001
<i>Total assets</i>	<u>\$ 12,402,288</u>	<u>7,876,887</u>	<u>20,279,175</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 347,668	97,314	444,982
Accrued payroll expenses	513,528	72,773	586,301
Interest payable	-	51,356	51,356
Due to other funds	-	295,000	295,000
<i>Total liabilities</i>	<u>861,196</u>	<u>516,443</u>	<u>1,377,639</u>
 <i>Deferred inflows of resources</i>			
Deferred inflows - property taxes	<u>127,880</u>	<u>28,296</u>	<u>156,176</u>
 <i>Total Liabilities and Deferred Inflow of Resources</i>	 <u>989,076</u>	 <u>544,739</u>	 <u>1,533,815</u>
 <i>Fund balances</i>			
Nonspendable	140,586	-	140,586
Restricted	-	6,518,540	6,518,540
Committed			
Minimum fund balance	2,131,470	-	2,131,470
Debt service	-	813,608	813,608
Assigned	-	-	-
Unassigned	9,141,156	-	9,141,156
<i>Total fund balances</i>	<u>11,413,212</u>	<u>7,332,148</u>	<u>18,745,360</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 12,402,288</u>	 <u>7,876,887</u>	 <u>20,279,175</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Reconciliation of the Governmental Fund Balance
to Statement of Net Position
As of June 30, 2016**

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

Fund balances - total governmental funds	\$	18,745,360
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet (less Internal Service Funds).		64,067,201
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. Internal Service Fund balances not included in other reconciling items:		
Total net position, ending		3,203,670
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Bonds and notes payable		(17,254,565)
Compensated absences		(379,532)
Net pension related deferrals and liability		(19,071,849)
Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds:		
Bonds and notes payable		(1,683,615)
Compensated absences		(704,844)
Bond premium, net		(245,742)
In order to convert to the full accrual basis of accounting, it is necessary to recognize deferred inflows of property tax revenue as revenue.		156,176
Net position of governmental activities	\$	46,832,260

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund (101, 390, 392, 393, 394)	Non-Major Governmental Funds	Total
<i>Revenues:</i>			
Taxes:			
Property	\$ 2,414,963	521,910	2,936,873
Gross receipts	20,003,423	-	20,003,423
Gasoline and motor vehicle	-	1,452,652	1,452,652
Franchise	1,508,579	-	1,508,579
Lodger's	-	1,411,494	1,411,494
Intergovernmental:			
State operating grants	745,153	1,410,684	2,155,837
State capital grants	-	1,761,098	1,761,098
Federal operating grants	101,959	161,037	262,996
Federal capital grants	-	260,864	260,864
Charges for services	955,221	669,062	1,624,283
Licenses and fees	126,486	-	126,486
Interest income	194,261	99,702	293,963
Miscellaneous	673,622	913,546	1,587,168
<i>Total revenues</i>	<u>26,723,667</u>	<u>8,662,049</u>	<u>35,385,716</u>
<i>Expenditures:</i>			
Current:			
General government	7,949,156	166,964	8,116,120
Public safety	11,372,957	224,591	11,597,548
Public works	1,796,797	2,723,442	4,520,239
Culture and recreation	3,359,172	1,952,900	5,312,072
Health and welfare	-	1,161,908	1,161,908
Capital outlay	1,099,561	1,803,230	2,902,791
Debt service:			
Principal	-	2,734,528	2,734,528
Interest	-	751,679	751,679
<i>Total expenditures</i>	<u>25,577,643</u>	<u>11,519,242</u>	<u>37,096,885</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,146,024</u>	<u>(2,857,193)</u>	<u>(1,711,169)</u>
<i>Other financing sources (uses)</i>			
Transfers in	3,357,988	6,293,837	9,651,825
Transfers out	(3,207,007)	(2,217,896)	(5,424,903)
<i>Total other financing sources (uses)</i>	<u>150,981</u>	<u>4,075,941</u>	<u>4,226,922</u>
<i>Net change in fund balance</i>	1,297,005	1,218,748	2,515,753
<i>Fund balance, - beginning</i>	11,042,724	5,966,781	17,009,505
<i>Restatement</i>	(926,517)	146,619	(779,898)
<i>Fund balance - beginning as restated</i>	<u>10,116,207</u>	<u>6,113,400</u>	<u>16,229,607</u>
<i>Fund balance - ending</i>	<u>\$ 11,413,212</u>	<u>7,332,148</u>	<u>18,745,360</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	2,515,753
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		2,902,791
Capital expenditures recorded in other expense lines		262,454

In the Statement of Activities, a loss is recorded for assets that are removed from service that are not fully depreciated. Thus, the change in net position differs from the change in fund balance by the amount of loss recorded for deleted capital assets.		(101,530)
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Depreciation expense on capital assets, excluding internal service fleet fund, is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds.		(3,165,515)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net change of the internal service funds resulting from transactions not recorded with governmental funds.		(135,600)
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The issuance of long-term debt (e.g. bonds, notes, capital 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:

Change in compensated absences		(246,380)
Principal payments on bonds and loans payable		2,734,528
Amortization of bond premium		51,307

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

Pension expense		(235,789)
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Other reclassifications are necessary to recognize net deferred inflows of property tax revenues and other adjustments.		298,241
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Change in net position of governmental activities	\$	<u>4,880,260</u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund (101, 390, 392, 393, 394)
For the Year Ended June 30, 2016**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<i>Revenues:</i>				
<i>Taxes</i>				
Property	\$ 2,343,607	2,343,607	2,239,652	(103,955)
Gross receipts	19,731,859	20,517,519	20,506,217	(11,302)
Franchise	1,585,000	1,585,000	1,635,012	50,012
<i>Intergovernmental:</i>				
State operating grants	143,700	903,158	755,840	(147,318)
Federal operating grants	20,000	99,430	68,418	(31,012)
Charges for services	856,466	943,998	958,165	14,167
Licenses and fees	155,392	155,392	126,486	(28,906)
Interest income	165,000	166,000	194,261	28,261
Miscellaneous	608,000	610,951	665,720	54,769
<i>Total revenues</i>	<u>25,609,024</u>	<u>27,325,055</u>	<u>27,149,771</u>	<u>(175,284)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	7,955,333	9,545,530	7,898,383	1,647,147
Public safety	11,445,472	11,726,074	10,359,548	1,366,526
Public works	2,044,870	2,094,150	1,745,161	348,989
Culture and recreation	3,723,185	3,774,525	3,236,360	538,165
Capital outlay	-	690,754	441,549	249,205
<i>Total expenditures</i>	<u>25,168,860</u>	<u>27,831,033</u>	<u>23,681,001</u>	<u>4,150,032</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>440,164</u>	<u>(505,978)</u>	<u>3,468,770</u>	<u>3,974,748</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	883,099	-	(883,099)
Transfers in	2,764,566	2,827,609	2,739,588	(88,021)
Transfers out	(3,204,730)	(3,204,730)	(3,204,730)	-
<i>Total other financing sources (uses)</i>	<u>(440,164)</u>	<u>505,978</u>	<u>(465,142)</u>	<u>(971,120)</u>
<i>Net change in fund balance</i>	-	-	3,003,628	3,003,628
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,042,724</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>14,046,352</u>	
Change in fund balance (Budget Basis)			\$ 3,003,628	
To adjust applicable revenue accruals and deferrals			190,019	
To adjust applicable expenditure accruals			<u>(1,896,642)</u>	
Change in fund balance (GAAP basis)			<u>\$ 1,297,005</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Net Position
Proprietary Funds
As of June 30, 2016**

	<u>Joint Utility</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund 603</u>
<i>Assets</i>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 28,012,662	1,953,966	29,966,628	599,558
Restricted cash	8,631,043	-	8,631,043	-
Restricted cash for deposits	946,103	-	946,103	-
Investments	32,730,304	3,648,409	36,378,713	2,850,086
Receivables:				
Other taxes	579,546	19,000	598,546	-
Grants receivable	223,818	-	223,818	-
Accounts receivables, net	4,138,444	589,161	4,727,605	-
Inventory	1,914,074	-	1,914,074	-
Due from other funds	60,000	-	60,000	-
<i>Total current assets</i>	<u>77,235,994</u>	<u>6,210,536</u>	<u>83,446,530</u>	<u>3,449,644</u>
<i>Noncurrent Assets</i>				
Land and work in progress	14,664,165	214,915	14,879,080	-
Capital assets, depreciable	87,003,169	4,913,050	91,916,219	-
Less: accumulated depreciation	(39,205,039)	(3,137,545)	(42,342,584)	-
<i>Total noncurrent assets</i>	<u>62,462,295</u>	<u>1,990,420</u>	<u>64,452,715</u>	<u>-</u>
<i>Total Assets</i>	<u>139,698,289</u>	<u>8,200,956</u>	<u>147,899,245</u>	<u>3,449,644</u>
<i>Deferred Outflows of Resources</i>				
Pension deferral	674,300	152,489	826,789	37,654
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 140,372,589</u>	<u>8,353,445</u>	<u>148,726,034</u>	<u>3,487,298</u>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 2,206,048	191,516	2,397,564	74,712
Accrued payroll expenses	139,883	34,015	173,898	4,682
Deposits held in trust for others	946,103	-	946,103	-
Accrued interest payable	21,689	-	21,689	-
Due to other funds	60,001	30,000	90,001	-
Unearned revenue	83,169	-	83,169	-
Compensated absences, current portion	191,510	53,628	245,138	3,639
Notes and loans payable, current portion	332,463	-	332,463	-
Bonds payable, current portion	2,020,000	-	2,020,000	-
Landfill closure costs, current portion	-	18,813	18,813	-
<i>Total current liabilities</i>	<u>6,000,866</u>	<u>327,972</u>	<u>6,328,838</u>	<u>83,033</u>
<i>Noncurrent Liabilities</i>				
Compensated absences	103,121	28,877	131,998	1,960
Notes and loans payable	5,609,898	-	5,609,898	-
Bonds payable	10,630,000	-	10,630,000	-
Landfill closure costs	-	188,125	188,125	-
Net pension liability	3,712,745	839,807	4,552,552	196,364
<i>Total noncurrent liabilities</i>	<u>20,055,764</u>	<u>1,056,809</u>	<u>21,112,573</u>	<u>198,324</u>
<i>Total liabilities</i>	<u>26,056,630</u>	<u>1,384,781</u>	<u>27,441,411</u>	<u>281,357</u>
<i>Deferred Inflows of Resources</i>				
Pension deferral	15,428	4,887	20,315	2,271
<i>Total deferred inflows of resources</i>	<u>15,428</u>	<u>4,887</u>	<u>20,315</u>	<u>2,271</u>
<i>Net Position:</i>				
Net investment in capital assets	43,848,245	1,990,420	45,838,665	-
Restricted:				
Debt service	2,391,955	-	2,391,955	-
Security deposits	946,103	-	946,103	-
Unrestricted	67,114,228	4,973,357	72,087,585	3,203,670
<i>Total Net Position</i>	<u>114,300,531</u>	<u>6,963,777</u>	<u>121,264,308</u>	<u>3,203,670</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>\$ 140,372,589</u>	<u>8,353,445</u>	<u>148,726,034</u>	<u>3,487,298</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

	Joint Utility	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
<i>Operating revenues:</i>				
Charges for services	\$ 33,924,357	4,202,310	38,126,667	1,986,949
<i>Total operating revenues</i>	<u>33,924,357</u>	<u>4,202,310</u>	<u>38,126,667</u>	<u>1,986,949</u>
<i>Operating expenses:</i>				
Personnel services	3,840,227	878,930	4,719,157	564,346
Contractual services	5,317,693	1,766,981	7,084,674	70,710
Supplies and equipment	1,401,368	52,053	1,453,421	154,410
Repairs and maintenance	1,631,690	192,399	1,824,089	2,014
Utilities	576,839	43,045	619,884	-
COGS (electricity)	12,222,583	-	12,222,583	-
Miscellaneous	2,560,564	433,712	2,994,276	1,344,389
Depreciation and amortization	2,350,614	541,508	2,892,122	-
<i>Total operating expenses</i>	<u>29,901,578</u>	<u>3,908,628</u>	<u>33,810,206</u>	<u>2,135,869</u>
<i>Operating income (loss)</i>	<u>4,022,779</u>	<u>293,682</u>	<u>4,316,461</u>	<u>(148,920)</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts and other taxes	4,043,365	606,522	4,649,887	-
Interest income	1,020,185	117,127	1,137,312	67,764
Interest expense	(300,542)	-	(300,542)	-
Gain/(loss) on sale of capital asset	(5,257)	-	(5,257)	-
Miscellaneous income	899,085	29,342	928,427	-
<i>Total non-operating revenues (expenses)</i>	<u>5,656,836</u>	<u>752,991</u>	<u>6,409,827</u>	<u>67,764</u>
Transfers in	10,065,825	3,695	10,069,520	-
Transfers out	(13,957,976)	(284,021)	(14,241,997)	(54,444)
Federal capital grants	688,470	-	688,470	-
State capital grants	4,977,100	-	4,977,100	-
<i>Net capital grants and transfers</i>	<u>1,773,419</u>	<u>(280,326)</u>	<u>1,493,093</u>	<u>(54,444)</u>
<i>Change in net position</i>	11,453,034	766,347	12,219,381	(135,600)
<i>Net position, beginning of year</i>	99,758,687	6,219,053	105,977,740	3,368,265
<i>Restatement</i>	3,088,810	(21,623)	3,067,187	(28,995)
<i>Beginning net position, as restated</i>	<u>102,847,497</u>	<u>6,197,430</u>	<u>109,044,927</u>	<u>3,339,270</u>
<i>Net position, end of year</i>	<u>\$ 114,300,531</u>	<u>6,963,777</u>	<u>121,264,308</u>	<u>3,203,670</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Major Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2016**

	<u>Joint Utility</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund 603</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 32,915,329	4,073,585	36,988,914	1,988,254
Payments to employees	(3,564,682)	(795,789)	(4,360,471)	(555,150)
Payments to suppliers	(7,442,231)	(2,033,411)	(9,475,642)	(152,696)
Other receipts/(payments)	(14,659,280)	(472,232)	(15,131,512)	(1,344,389)
<i>Net cash provided (used) by operating activities</i>	<u>7,249,136</u>	<u>772,153</u>	<u>8,021,289</u>	<u>(63,981)</u>
Cash flows from noncapital financing activities:				
Gross receipts and other taxes	4,043,365	606,522	4,649,887	-
Grants and agreements	4,977,100	-	4,977,100	-
Miscellaneous revenue	899,085	29,342	928,427	-
Cash restatement	1,040,321	-	1,040,321	-
Transfers from other funds	10,065,825	3,695	10,069,520	-
Transfers to other funds	(13,957,976)	(284,021)	(14,241,997)	(54,444)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>7,067,720</u>	<u>355,538</u>	<u>7,423,258</u>	<u>(54,444)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(5,586,648)	(1,228,196)	(6,814,844)	-
Proceeds from issuance of debt	3,318,067	-	3,318,067	-
Principal payments	(2,391,955)	-	(2,391,955)	-
Interest payments	(300,542)	-	(300,542)	-
Capital grant revenue	688,470	-	688,470	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(4,272,608)</u>	<u>(1,228,196)</u>	<u>(5,500,804)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from sale of investments	1,909,736	500,000	2,409,736	-
Purchases of investments	(1,909,736)	(242,250)	(2,151,986)	(63,639)
Interest income	1,020,185	117,127	1,137,312	67,764
<i>Net cash provided (used) by investing activities</i>	<u>1,020,185</u>	<u>374,877</u>	<u>1,395,062</u>	<u>4,125</u>
Net increase (decrease) in cash and cash equivalents	11,064,433	274,372	11,338,805	(114,300)
Balances - beginning of year	26,525,375	1,679,594	28,204,969	713,858
Balances - end of year	<u>\$ 37,589,808</u>	<u>1,953,966</u>	<u>39,543,774</u>	<u>599,558</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Nonmajor Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2016**

	Joint Utility	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 4,022,779	293,682	4,316,461	(148,920)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,350,614	541,508	2,892,122	-
Pension expense	70,562	15,893	86,455	3,072
Landfill postclosure costs	-	(42,165)	(42,165)	-
(Gain)/loss on disposal of capital asset	5,257	-	5,257	-
Bad debt expense	13	-	13	-
(Increase) decrease in:				
Accounts receivable	(1,009,041)	(128,725)	(1,137,766)	1,305
Inventory	12,373	-	12,373	-
(Decrease) increase in:				
Accounts payable	1,387,449	21,067	1,408,516	74,438
Accrued payroll	61,061	13,974	75,035	4,682
Customer deposits	(919)	-	(919)	-
Unearned revenue	83,169	-	83,169	-
Compensated absences	143,922	53,274	197,196	1,442
Other liabilities	(1,970)	-	(1,970)	-
Due from/to other funds	123,867	3,645	127,512	-
	<u>\$ 7,249,136</u>	<u>772,153</u>	<u>8,021,289</u>	<u>(63,981)</u>
<i>Net cash provided (used) by operating activities</i>				
	<u>\$ 7,249,136</u>	<u>772,153</u>	<u>8,021,289</u>	<u>(63,981)</u>
Non-Cash Transactions:				
Restatement of capital assets	\$ 2,737,541	-	-	-
	<u>\$ 2,737,541</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30, 2016

ASSETS

Cash and cash equivalents	\$ <u>842,555</u>
<i>Total assets</i>	\$ <u><u>842,555</u></u>

LIABILITIES

Deposits payable	\$ <u>842,555</u>
<i>Total liabilities</i>	\$ <u><u>842,555</u></u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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 operated 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 the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected not to follow subsequent private-sector guidance. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity. 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.

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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.

B. Government-wide and fund financial statements

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

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 recognized all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, if applicable. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as receivables in the year for which they are billed.

Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered available if they are collected within 60 days of the end of the current fiscal period.

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport, solid waste, wastewater, and golf course funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has elected to report 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 government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

Internal Service Fund accounts for the operations of the Risk Management Fund which services the City's departments on a cost-reimbursement basis

Fiduciary Fund is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. This fund accounts for assets held by the City in a trustee capacity.

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 for the various functions concerned. 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 taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City services, facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources are 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.

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

Cash and Cash Equivalents

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.

Investments

The City's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last reported sales price at current exchange rates. Additional cash, investment information, and fair values are presented in Note 2.

The City also participates in the State Treasurer Local Government Investment Pool. State law and regulations regulate this pool. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

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.

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 as revenue when levied, net of estimated refunds and uncollectable amounts. 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 (3) days thereafter, at which time they become delinquent. Property taxes are collected by McKinley County and remitted monthly to the City.

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

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

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.

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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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:

<u>Asset Type</u>	<u>Years</u>
Land	Perpetuity
Construction in progress	Perpetuity
Land improvements	40
Buildings and improvements	40
Infrastructure	40
Equipment and vehicles	6

**STATE OF NEW MEXICO
CITY OF GALLUP
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For the Year Ended June 30, 2016**

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable PERA and Retiree Health Care.

Unearned Revenue/Deferred Revenue

There are two types of unearned revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding deferred inflow for deferred revenue. The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available, to finance expenditures of the current fiscal period, and all other eligibility requirements have been met, then the assets must be offset by a corresponding deferred inflow for deferred revenue.

The taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. Except for taxes received in advance or under protest, tax revenue received is distributed within thirty days to other local governmental units and county funds. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days' official year end are carried in the liability section of the balance sheet as deferred revenue on the fund basis financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then.

The City has the following deferred outflows of resources during fiscal year 2016 on the fund financials:

Deferred Outflows of Resources - Fund Financials	
<hr/>	
Pension deferrals	\$ <u>864,443</u>
Total deferred inflows of resources	\$ <u><u>864,443</u></u>

The City has the following deferred outflows of resources during fiscal year 2016 on the government-wide financials:

Deferred Outflows of Resources - GW	
<hr/>	
Pension deferrals	\$ <u>5,242,451</u>
Total deferred outflows of resources	\$ <u><u>5,242,451</u></u>

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for *deferred inflows of resources*.

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This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue.

The City has the following deferred inflows of resources during fiscal year 2016 on the fund financials:

Deferred Inflows of Resources - Fund Financials

Property tax revenue	\$	156,176
Pension deferrals		22,586
Total deferred inflows of resources	\$	<u>178,762</u>

The City has the following deferred inflows of resources during fiscal year 2016 on the government-wide financials:

Deferred Inflows of Resources - GW

Pension deferrals	\$	623,030
Total deferred inflows of resources	\$	<u>623,030</u>

Compensated Absences

Vacation Pay – Vacation is accrued by the following table:

Months of Service	40hr Work Week Employees	42hr Work Week Employees	56hr Work Week Employees
0-60 months	3.077hrs per pay period	3.23hrs per pay period	4.21hrs per pay period
61-180 months	4.616 hrs per pay period	4.847 hrs per pay period	6.46 hrs per pay period
181 + months	6.15hrs per pay period	6.458hrs per pay period	8.61hrs per pay period
Max accrual	280 hours	294 hours	392 hours

Sick Leave Pay – Regular full-time, forty, (40) hour work week employees will accrue sick leave at the rate of 3.69 hours per pay period. Regular full-time, forty-two (42) hour work week police and corrections employees will accrue sick leave at the rate of 3.875 hours per pay period. Regular full-time, fifty-six (56) hour work week firefighters will accrue sick leave at the rate of 5.17 hours per pay period. Sick leave accrual is limited to a maximum of 1500 hours. Employees who qualify for or initiate an application for any retirement plan under PERA or other qualified retirement program are entitled to be paid for unused sick leave at a rate equal to thirty-three, (33%) percent of their hourly rate for up to 1,000 hours of sick leave.

Vested or accumulated vacation/sick 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/sick 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 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

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position. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, 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.

Net Position

Equity is classified as net position and displayed in three components in the government-wide financial statements and the proprietary funds:

- *Net investment in capital assets* – Net position invested in 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.
- *Restricted Net Position* – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

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

Governmental Fund Balances

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The Statement only applies to Governmental funds and does not extend to Proprietary fund types. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.
- *Restricted* – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).
- *Committed* – Amounts constrained to specific purposes by the governmental entity’s highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.
- *Assigned* – Amounts constrained by the City intends to be used for a specific purposes. Intent can be expressed by the governing body (City Council) or an official or body to which the governing body delegates authority. The authorization policy is in governmental funds, other than the general fund, assigned fund balance represents the

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amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for that purpose of that fund.

- *Unassigned* –Balances available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

See the Schedule of Fund Balances, per the table of contents, for additional information about fund balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance department has provided otherwise in its commitment or assignment actions.

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 \$2,131,470 for minimum fund balance at June 30, 2016.

E. 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.

F. Indirect expenses

The City allocated indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other administrative services. Allocations are charged to programs based on use of the services determined by various allocation methodologies.

G. Budgetary Information

The City Charter establishes the City's fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 1 the Budget Director submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund and Enterprise Funds. Management subsequently submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the City Council for review and enactment of a resolution legally adopting the budget. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and

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appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

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.

Each fund's appropriated budget is prepared on a Non-GAAP cash basis at the detailed line item level. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. Expenditures may not exceed appropriations at the fund level. All budget revisions at this level are subject to final review and approval by the City Council. Revisions to the budget were made throughout the year.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Budget Amendments – Budget increases and decreases can only be accomplished by Council resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the City's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

H. Interfund Activity

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.

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Notes to the Financial Statements
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I. Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position/balance sheet date but before the financial statements are issued. The City recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position/balance sheet, including the estimates inherent in the process of preparing the financial statements. The City's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position/balance sheet but arose after the statement of financial position/balance sheet date and before financial statements are available to be issued. The organization has evaluated subsequent events through November 23, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

The City's cash balances consist of demand deposits, interest bearing savings accounts, money market accounts and bonds. The majority of City's cash and investments are pooled. All interest income is accounted for in the related funds.

The City's investments consist of certificates of deposit, money markets, bonds, and investments in the NM State Treasurer's LGIP fund.

The City's cash, cash equivalents, investments, and collateral pledged are identified on the table of contents of this report.

A summary of the City's cash and investments as of June 30, 2016 is as follows:

<u>Cash and investments</u>	<u>Amount</u>
Cash and cash equivalents	
Cash on hand	\$ 1,332
Cash	48,509,641
Subtotal cash and cash equivalents	<u>48,510,973</u>
Investments	
State Treasurer's Investment Pool	292
Certificates of deposit - maturities > 90 days	2,011,295
Money markets	18,596,808
Bonds	25,985,119
Subtotal investments	<u>46,593,514</u>
Total cash and investments	<u>\$ 95,104,487</u>
<u>Cash and investments by fund type</u>	<u>Amount</u>
Governmental funds	\$ 14,889,801
Internal service funds	3,449,644
Subtotal governmental activities	<u>18,339,445</u>
Business-type activities	75,922,487
Fiduciary funds	842,555
Total cash and investments	<u>\$ 95,104,487</u>

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions. Investments in repurchase agreements must be collateralized at 102% of the contract. In addition, some bond covenants require debt service reserve amounts to be collateralized at 105%. The City's Schedule of Collateral is presented in this report, as stated in the table of contents.

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The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, City, or political subdivision of the State of New Mexico.

As of June 30, 2016, the City's bank and investment balances of \$95,104,485 were exposed to custodial credit risk as follows:

Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.	\$ 40,544,097
Uninsured and uncollateralized	-
Total uninsured deposits	\$ <u>40,544,097</u>

Custodial Credit Risk Investments - Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are not exposed to custodial credit risk. All are fully collateralized and the collateral is held in the City's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer, of more than 5%. The City's investments are diversified to avoid including concentration of credit risk. With the exception of authorized pools, no more than 50% of the total investment portfolio is in one single security type or financial institution.

Credit Risk - The City's investments shall be in accordance with State Law 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10 NMSA 1978, 6-10-10 NMSA 1978.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed 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.

Foreign Currency Risk - Deposits and Investments - The City is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City funds may not be returned. The City is required to obtain from each bank that is a deposit only for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent.

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As of June 30, 2016, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average</u>		
Wells Fargo Investments**	Unrated	>2 Years	\$	14,008,119
Money Market Mutual Funds***	AA+	>1 Year		14,276,808
Federal Home Loan Bank	A-1+	>6 Years		3,320,000
Federal Farm Credit Bank	AA+	>5 Years		1,000,000
Freddie Mac Discount	AA+	>4 Years		3,250,000
Fannie Mae	AA+	>4 Years		6,732,000
New Mexico Government Bonds	****	>4 Years		1,995,000
City of Gallup	*****	>1 Year		2,011,295
NM State Treasurer Reserves Contingency Fund	*****	>1 Year		292
			\$	<u><u>46,593,514</u></u>

*Based on Standard & Poor's Rating

**Wells Fargo fully covered 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

*****Certificate of Deposit, fully collateralized

*****LGIP, collateralized by State

State Treasurer Local Governmental Investment Pool

As of June 30, 2016, the City has the following invested in the State Treasurer Local Government Investment Pool:

<u>Financial Institution</u>	<u>Cost Basis</u>	<u>Market</u>	<u>Risk Rating</u>	
State of NM Local Government Investment Pool (LGIP)	\$ 292	292	AAAm	[44] day WAM (R); [77] day WAM (F)

New Mexico State Statutes authorize the creation of the short-term investment fund in the New Mexico State Treasury. The Statutes authorize the State Treasurer to pool monies received from local public bodies for investment purposes with public monies under control. The purpose of the local short-term fund is to provide a voluntary investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. The local short-term investment fund, along with other public monies in the State Treasurer's investment account, is invested in repurchase agreements secured at 102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collaterals at 102% of investment balances for the City. All investing is performed in accordance with State Statutes and the City's investment policy. Per review of GASB Statement No. 72, the State Treasurer Local Government Investment Pool is exempt from GASB 72, and should continue to be measured and disclosed in accordance with existing literature.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 67-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government, or by its departments or agencies and are either direct obligations of the United States, or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

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The LGIP's portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2016, the City's investment in the New MexiGROW Local Government Investment Pool (LGIP) was rated AAAM by Standard & Poor's. The independent auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from New Mexico State Treasurer, 2019 Galisteo Street, Bldg K, Santa Fe, New Mexico 87504, upon written request.

Credit Risk LGIP – With respect to credit risk, the LGIP, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration of Risk – GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk – GASB Statement No. 40 defines interest rate risk that interest rate variation may adversely affect the fair value of an investment. The City is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a table format for the fair value disclosures.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

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The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
 1. Interest rates and yield curves observable at commonly quoted intervals,
 2. Implied volatilities, and
 3. Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

The City has the following recurring fair value measurements as of June 30:

<u>Description</u>	<u>Level 2</u>
Bonds	\$ 25,985,119

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	General Fund	Non-major Funds	Total Governmental
Accounts	\$ 180,142	67,795	247,937
Taxes			
Property tax	203,926	45,323	249,249
Other	3,450,834	100,926	3,551,760
Grants receivable	35,558	839,378	874,936
Subtotal	3,870,460	1,053,422	4,923,882
Less: Allowance for uncollectibles	(95)	-	(95)
Net receivables	\$ 3,870,365	1,053,422	4,923,787

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Business-Type Funds

	Joint Utility	Non-Major Funds	Total Business-Type
Accounts	\$ 4,699,953	649,643	5,349,596
Taxes			
Property tax	-	-	-
Other	579,547	19,000	598,547
Grants	223,818	-	223,818
Subtotal	5,503,318	668,643	6,171,961
Less: Allowance for uncollectibles	(561,510)	(60,482)	(621,992)
Net receivables	\$ 4,941,808	608,161	5,549,969

In accordance with GASB No. 63 and 65, the property tax revenues totaling \$ that were not collected within the period of availability have been reclassified as deferred inflow of resources in the governmental fund financial statements.

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

The City recorded interfund receivable/payable to reflect a temporary loan between funds. The purpose of the loans were to cover cash shortages until grant reimbursements could be obtained. All interfund receivables/payables are expected to be repaid within one year. Interfund balances as of June 30, 2016, are as follows:

Due from other funds	Due to other funds	Amount
General Fund	Gallup Detox (290)	\$ 60,000
General Fund	Legislative Appropriations (391)	175,000
General Fund	Debt Service	60,000
General Fund	Joint Utility	1
General Fund	Rodeo (590)	30,000
Joint Utility	Joint Utility	60,000
		<u>\$ 385,001</u>

The City recorded interfund transfers to reflect transfers of cash in accordance with the budget. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions and funding capital projects, primarily street projects. All transfers made during the year were considered routine and were consistent with the general characteristics of the City's transfer policy. The composition of interfund transfers during the year ended June 30, 2016 is as follows:

		Transfers In					
		General	Non-Major Governmental Funds	Joint Utility Fund	Non-Major Business-Type Funds	Internal Service Fund	Total
Transfers Out	General	\$ 2,277	3,055,450	149,280	-	-	3,207,007
	Non-Major Governmental Funds	671,121	1,496,969	49,806	-	-	2,217,896
	Joint Utility	2,367,636	1,733,208	9,857,131	-	-	13,957,975
	Non-Major Business -Type Funds	284,021	-	-	-	-	284,021
	Internal Service Fund	32,932	8,210	9,607	3,695	-	54,444
	Total	\$ 3,357,987	6,293,837	10,065,824	3,695	-	19,721,343

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

NOTE 5 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Primary Government

Governmental Activities includes

	Balance June 30, 2015	Additions and Transfers In	Deletions and Transfers Out	Restatements	Balance June 30, 2016
<i>Internal Service Funds</i>					
Capital assets not being depreciated:					
Land	\$ 9,022,897	261,470	(101,530)	4,258,339	13,441,176
Construction in progress	-	487,064	-	-	487,064
Total capital assets not being depreciated	<u>9,022,897</u>	<u>748,534</u>	<u>(101,530)</u>	<u>4,258,339</u>	<u>13,928,240</u>
Capital assets being depreciated:					
Buildings	34,751,492	209,561	-	(11,449,330)	23,511,723
Other improvements	1,589,333	167,210	-	(1,113,593)	642,950
Equipment	9,745,463	1,203,719	(265,716)	-	10,683,466
Infrastructure	68,642,979	836,221	-	-	69,479,200
Total capital assets being depreciated	<u>114,729,267</u>	<u>2,416,711</u>	<u>(265,716)</u>	<u>(12,562,923)</u>	<u>104,317,339</u>
Total capital assets	<u>123,752,164</u>	<u>3,165,245</u>	<u>(367,246)</u>	<u>(8,304,584)</u>	<u>118,245,579</u>
Less accumulated depreciation:					
Buildings	(7,314,207)	(582,874)	-	342,645	(7,554,436)
Other improvements	(518,382)	(15,711)	-	212,672	(321,421)
Equipment	(7,559,183)	(829,950)	265,716	-	(8,123,417)
Infrastructure	(36,442,124)	(1,736,980)	-	-	(38,179,104)
Total accumulated depreciation	<u>(51,833,896)</u>	<u>(3,165,515)</u>	<u>265,716</u>	<u>555,317</u>	<u>(54,178,378)</u>
Total capital assets net of depreciation	<u>\$ 71,918,268</u>	<u>(270)</u>	<u>(101,530)</u>	<u>(7,749,267)</u>	<u>64,067,201</u>

Proprietary Funds

Business-Type Activities

	Balance June 30, 2015	Additions and Transfers In	Deletions and Transfers Out	Restatements	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 2,538,330	162,025	-	92,589	2,792,944
Construction in progress	8,042,392	4,043,745	-	-	12,086,137
Total capital assets not being depreciated	<u>10,580,722</u>	<u>4,205,770</u>	<u>-</u>	<u>92,589</u>	<u>14,879,081</u>
Capital assets being depreciated:					
Buildings	30,800,067	-	-	2,040,985	32,841,052
Other improvements	533,386	49,806	-	-	583,192
Equipment	8,525,812	1,557,123	(416,600)	-	9,666,335
Infrastructure	47,823,495	1,002,145	-	-	48,825,640
Total capital assets being depreciated	<u>87,682,760</u>	<u>2,609,074</u>	<u>(416,600)</u>	<u>2,040,985</u>	<u>91,916,219</u>
Total capital assets	<u>98,263,482</u>	<u>6,814,844</u>	<u>(416,600)</u>	<u>2,133,574</u>	<u>106,795,300</u>
Less accumulated depreciation:					
Buildings	(10,881,618)	(725,565)	-	546,026	(11,061,157)
Other improvements	(114,151)	(14,547)	-	89,988	(38,710)
Equipment	(6,123,688)	(966,398)	411,343	(32,047)	(6,710,790)
Infrastructure	(23,346,315)	(1,185,613)	-	-	(24,531,928)
Total accumulated depreciation	<u>(40,465,772)</u>	<u>(2,892,123)</u>	<u>411,343</u>	<u>603,967</u>	<u>(42,342,585)</u>
Total capital assets net of depreciation	<u>\$ 57,797,710</u>	<u>3,922,721</u>	<u>(5,257)</u>	<u>2,737,541</u>	<u>64,452,715</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 1,114,756
Public safety	1,111,270
Public works	287,788
Culture and recreation	612,376
Health and welfare	39,325
Total	<u>3,165,515</u>
Internal Service Fund	
Total governmental activities	<u>\$ 3,165,515</u>
Business type activities:	
Solid Waste	541,508
Joint Utility	2,350,615
Fitness Center	-
Rodeo	-
Gamerco	-
Total business-type activities	<u>\$ 2,892,123</u>

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**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

NOTE 6 – LONG-TERM DEBT

A. Governmental Activities Debt:

The governmental funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
General obligation bonds					
GO Bond Series 2011	\$ 1,410,000	-	(615,000)	795,000	145,000
Gross receipts tax revenue bonds					
Series 2010A	9,780,000	-	(480,000)	9,300,000	505,000
Series 2010B	630,000	-	(630,000)	-	-
Series 2012	8,890,000	-	(905,000)	7,985,000	925,000
Total bonds payable	20,710,000	-	(2,630,000)	18,080,000	1,575,000
NMFA Notes payable					
NMFA 4 - Westside Fire Station	962,708	-	(104,528)	858,180	108,615
Total notes payable	962,708	-	(104,528)	858,180	108,615
Compensated Absences	837,996	1,387,073	(1,140,693)	1,084,376	704,844
Net pension liability	16,980,366	7,816,895	(1,751,484)	23,045,777	-
Internal Service Fund					
Compensated Absences	4,157	14,204	(12,762)	5,599	3,639
Governmental-activities long-term liabilities	\$ 39,495,227	9,218,172	(5,639,467)	43,073,932	2,537,098

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 equal amounts of principal maturing each year. Principal is paid annually each June and August and interest is paid semi-annually each December and February and June and August. The general obligation bonds are as follows:

General obligation bonds	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2016</u>
GO Bond Series 2011	2/24/2011	6/1/2020	3.00-4.00%	\$ 3,630,000	795,000

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**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

The annual requirements to amortize the *GO Bond Series 2011* outstanding as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	170,000	3,400	173,400
2022-2026	-	-	-
2027-2031	-	-	-
	<u>\$ 795,000</u>	<u>79,325</u>	<u>874,325</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 in prior years was \$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:

Gross receipts tax revenue bonds	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
Series 2010A	6/30/2010	6/1/1930	2.00-3.00%	\$ 11,910,000	9,300,000
Series 2010B	6/30/2010	6/1/2016	2.00-3.00%	3,520,000	-
Series 2012	9/27/2012	6/1/2024	2.17%	9,325,000	7,985,000
				<u>\$ 24,755,000</u>	<u>17,285,000</u>

The annual requirements to amortize the *Sales Tax Revenue Bonds* outstanding as of June 30, 2016, including interest payments are as follows:

Infrastructure Sales Tax Revenue Bonds Series 2010A

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 505,000	383,783	888,783
2018	530,000	357,901	887,901
2019	550,000	342,001	892,001
2020	575,000	313,814	888,814
2021	595,000	293,689	888,689
2022-2026	3,340,000	1,111,070	4,451,070
2027-2031	3,205,000	358,094	3,563,094
	<u>\$ 9,300,000</u>	<u>3,160,352</u>	<u>12,460,352</u>

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**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Refunding Revenue Bonds Series 2012

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 925,000	173,275	1,098,275
2018	945,000	153,202	1,098,202
2019	965,000	132,696	1,097,696
2020	985,000	111,754	1,096,754
2021	1,010,000	90,380	1,100,380
2022-2026	3,155,000	137,904	3,292,904
2027-2031	-	-	-
	\$ 7,985,000	799,211	8,784,211

Total Revenue Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 1,575,000	583,733	2,158,733
2018	1,625,000	533,353	2,158,353
2019	1,675,000	491,497	2,166,497
2020	1,730,000	435,768	2,165,768
2021	1,775,000	387,469	2,162,469
2022-2026	6,495,000	1,248,974	7,743,974
2027-2031	3,205,000	358,094	3,563,094
	\$ 18,080,000	4,038,888	22,118,888

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 capital loans are as follows:

NMFA Notes payable	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
NMFA 4 - Westside Fire Station	6/29/2007	5/1/2022	3.42-3.86%	\$ 1,452,605	858,180

The annual requirements to amortize the *NMFA 2015-PP – Westside Fire Station* outstanding as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	127,101	15,250	142,351
2022-2026	270,008	15,712	285,720
2027-2031	-	-	-
	\$ 858,180	136,240	994,420

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

B. Business-Type Activities Debt:

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Business-type Activities:					
Revenue Bonds					
Revenue Bonds Series 2012	\$ 14,635,000	-	(1,985,000)	12,650,000	2,020,000
Total bonds payable	<u>14,635,000</u>	<u>-</u>	<u>(1,985,000)</u>	<u>12,650,000</u>	<u>2,020,000</u>
NMFA Notes Payable					
NMFA 8 - Storage Tank	1,607,733	-	(175,090)	1,432,643	87,873
NMFA 9 - Water Tank	1,423,516	-	(155,028)	1,268,488	77,805
NMFA 11- Water System	-	1,600,000	(55,747)	1,544,253	79,463
NMFA 12 - Water Project	-	1,718,067	(21,090)	1,696,977	87,322
Total notes payable	<u>3,031,249</u>	<u>3,318,067</u>	<u>(406,955)</u>	<u>5,942,361</u>	<u>332,463</u>
Compensated Absences	<u>179,940</u>	<u>593,918</u>	<u>(396,722)</u>	<u>377,136</u>	<u>245,138</u>
Landfill Closure Liability	<u>249,103</u>	<u>-</u>	<u>(42,165)</u>	<u>206,938</u>	<u>18,813</u>
Net pension liability	<u>3,022,441</u>	<u>1,876,107</u>	<u>(345,996)</u>	<u>4,552,552</u>	<u>-</u>
Business-type-activities long-term liabilities	<u>\$ 21,117,733</u>	<u>5,788,092</u>	<u>(3,176,838)</u>	<u>23,728,987</u>	<u>2,616,414</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 in prior years 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 revenue bond is as follows:

General obligation bonds	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2016
Revenue Bonds Series 2012	6/1/2013	6/1/2025	1.94%	\$ 20,290,000	12,650,000

The annual requirements to amortize the *Joint Water and Sewer Refunding Revenue Bonds Series 2012* outstanding as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 2,020,000	245,410	2,265,410
2018	2,065,000	206,000	2,271,000
2019	1,765,000	166,161	1,931,161
2020	1,795,000	131,920	1,926,920
2021	1,030,000	97,097	1,127,097
2022-2026	3,975,000	187,986	4,162,986
2027-2031	-	-	-
	<u>\$ 12,650,000</u>	<u>1,034,574</u>	<u>13,684,574</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Notes Payable

The City has issued low interest rate loans provided by intergovernmental agencies for the construction of major capital facilities. The City has 4 notes with NMFA in their business-type funds.

1. 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 0.25%, annually, of the unpaid principal balance of the loan amount.
2. 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 0.25%, annually, of the unpaid principal balance of the loan amount.
3. The Joint Utilities Fund received a loan of \$1,600,000 from the New Mexico Finance Authority. These funds secured the construction of the Navajo Gallup Water Supply. The loan closed September 18, 2015 and the City's first payment was due on June 1, 2016. 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 0.25%, annually, of the unpaid principal balance of the loan amount.
4. The Joint Utilities Fund received a loan of \$1,718,067 from the New Mexico Finance Authority. These funds are for the purpose of financing the cost of planning, design, and construction of multiple storage tanks, a pump station, and metering station. The loan closed March 4, 2016 and the City's first payment was due on June 1, 2016. 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 0.25%, annually, of the unpaid principal balance of the loan amount.

Notes payables are as follows:

NMFA Notes Payable	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2016</u>
NMFA 8 - Storage Tank	3/22/2013	6/1/2032	0.00%	1,515,534	1,432,643
NMFA 9 - Water Tank	10/19/2012	6/1/2032	0.00%	\$ 1,748,652	1,268,488
NMFA 11- Water Project	9/18/2015	6/1/2035	0.00%	1,600,000	1,544,253
NMFA 12 - Storage Tank/ Waterline/Pump Station Project	3/4/2016	6/1/2035	0.00%	1,718,067	1,696,977
				<u>\$ 6,582,253</u>	<u>5,942,361</u>

The annual requirements to amortize the *Notes Payable* outstanding as of June 30, 2016, including interest payments are as follows:

NMFA Gallup 8 WTB-0215 – Gamercos Storage Tank Pipeline

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 87,873	3,582	91,455
2018	88,093	3,362	91,455
2019	88,313	3,142	91,455
2020	88,534	2,921	91,455
2021	88,755	2,700	91,455
2022-2026	447,116	10,159	457,275
2027-2031	452,732	4,543	457,275
2032-2036	91,227	228	91,455
	<u>\$ 1,432,643</u>	<u>30,637</u>	<u>1,463,280</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

NMFA Gallup 9 WTB-0215 – Navajo Gallup Water Supply

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 77,805	3,171	80,976
2018	77,999	2,977	80,976
2019	78,194	2,785	80,979
2020	79,390	2,586	81,976
2021	78,585	2,390	80,975
2022-2026	395,884	8,994	404,878
2027-2031	400,857	4,021	404,878
2032-2036	79,774	202	79,976
\$	<u>1,268,488</u>	<u>27,126</u>	<u>1,295,614</u>

NMFA Gallup 11 WTB-0283 – Water Project

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 79,463	3,860	83,323
2018	79,662	3,662	83,324
2019	79,861	3,462	83,323
2020	80,060	3,264	83,324
2021	80,261	3,064	83,325
2022-2026	404,322	12,296	416,618
2027-2031	409,403	3,514	412,917
2032-2036	331,221	228	331,449
\$	<u>1,544,253</u>	<u>33,350</u>	<u>1,577,603</u>

NMFA Gallup 12 WTB-0334 – Storage Tank/Waterline/Pump Station Project

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 87,322	4,242	91,564
2018	87,540	4,024	91,564
2019	87,759	3,805	91,564
2020	87,978	3,586	91,564
2021	88,198	3,366	91,564
2022-2026	444,310	13,511	457,821
2027-2031	449,891	363,979	813,870
2032-2036	363,979	2,277	366,256
\$	<u>1,696,977</u>	<u>398,790</u>	<u>2,095,767</u>

Total Notes Payable

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 332,463	14,855	347,318
2018	333,294	14,025	347,319
2019	334,127	13,194	347,321
2020	335,962	12,357	348,319
2021	335,799	11,520	347,319
2021-2025	1,691,632	44,960	1,736,592
2026-2030	1,712,883	376,057	2,088,940
2031-2034	866,201	2,935	869,136
\$	<u>5,942,361</u>	<u>489,903</u>	<u>6,432,264</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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.

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City established limited risk management programs for workers' compensation (as discussed below) and unemployment claims. Premiums for unemployment claims are paid to the appropriate internal service fund by all other funds and are available to pay claims, claims reserves, and administrative costs of the program.

Effective January 1, 1991, the City established a limited risk management program for workers' compensation. The City contracted with the New Mexico Self Insurer Fund (Fund) as administrator for this program. At the beginning of each policy period, the City pays a retention premium which covers expenses of the Fund, including, but not limited to, reinsurance expenses, claims adjusting, rating and underwriting, safety and loss control, reporting and administration. In the retention rating year (1/1/91 – 1/1/92), the City paid a "loss fund deposit" to the Fund equal to 15% of the estimated "manual premium". This deposit is retained by the Fund for the benefit of the City in paying all applicable claims and costs for all policy periods. Each anniversary date, the deposit will be reviewed and revised if necessary. The City's self-insured specific retention is \$250,000 per accident, with aggregate of 150% of the "manual premium" for a policy period.

The City accounts for this program in its Internal Service Fund, Workers Compensation. The Workers Compensation Fund allocates the cost of providing claim servicing and claim payments by charging a "premium" to each participating governmental and business-type activities fund, based on each fund's percentage of the estimated "manual premium". This charge considers recent trends in actual claims experience and makes provision for catastrophic loss.

The Workers Compensation fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payout), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for the current fiscal year.

The City continues to carry commercial insurance for all other risks. The City is in the process of establishing a fund for property and liability self-insurance. As of June 30, 2016, no claims activity had taken place in the fund. The only activity for the year ended June 30, 2016 consisted of interest earned from the fund's bank account.

NOTE 8 – PERA PENSION PLAN

Plan Description: Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA

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issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 17.8% for law enforcement, 17.7% for fire protection; and 14.65% for municipal employees. The City was required to contribute the following percentages of the gross covered salary: 18.90% for law enforcement plan members, 21.65% for fire protection plan members; and 9.55% for municipal plan members. The contribution requirements of plan members and the City of Gallup are established in State Statute under Chapter 10, Article 11 NMSA 1978. Additionally, the City has elected to adopt the 75% pick-up provision allowed by state statute thereby reducing all employee contributions as follows:

Categories	City Pick- Up	Employee	Total
Regular > \$20,000	20.53%	3.67%	24.20%
Regular <\$20,000	19.41%	3.29%	22.70%
Police Officers	32.07%	4.63%	36.70%
Firefighters	34.74%	4.61%	39.35%

The requirements may be amended by acts of the legislature. The City of Gallup' contributions to PERA for the years ending June 30, 2016, 2015 and 2014 were approximately \$3,498,325, \$3,485,310, and \$3,259,561, respectively, which equal the amount of the required contributions for all years.

NOTE 9 – PENSION PLAN AND POST-EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

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/> using the Audit Report Search function for agency 366.

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, 2015 available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

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Contributions. The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 31 and 32 of the PERA FY15 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

The PERA coverage options that apply to the City are: Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$1,940,198 and employer paid member benefits that were “picked up” by the employer were \$1,558,127 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015. 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. 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, 2015. Only employer contributions for the pay period end dates that fell within the period of June 30, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

For PERA Fund Division; Municipal General Division, at June 30, 2016, the City reported a liability of \$10,704,640 for its proportionate share of the net pension liability. At June 30, 2015, the City’s proportion was 1.0499 percent, which changed from its proportion measured as of June 30, 2014 of 1.0439 percent, an increase of 0.006 percent.

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For the year ended June 30, 2016, the City recognized PERA Fund Division; Municipal General Division pension expense of \$1,736,713. At June 30, 2016, the City reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal General Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	237,113
Changes of assumptions	-	4,170
Net difference between projected and actual earnings on pension plan investments	-	33,862
Change in proportion and differences between the City contributions and proportionate share of contributions	35,741	-
The City contributions subsequent to the measurement date	1,736,713	-
Total	<u>\$ 1,772,454</u>	<u>275,145</u>

\$1,736,713 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2017	\$ 275,074
2018	275,074
2019	275,074
2020	(583,874)
2021	(1,944)
Thereafter	-
	<u>239,404</u>

For PERA Fund Division; Municipal Police Division, at June 30, 2016, the City reported a liability of \$7,627,820 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 1.5863 percent, which changed from its proportion measured as of June 30, 2014 of 1.5291 percent, an increase of 0.0572 percent.

For the year ended June 30, 2016, the City recognized PERA Fund Division; Municipal Police Division pension expense of \$1,054,600. At June 30, 2016, the City reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal Police Division	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 533,001	-
Changes of assumptions	-	315,579
Net difference between projected and actual earnings on pension plan investments	-	21,159
Change in proportion and differences between the City contributions and proportionate share of contributions	142,384	-
The City contributions subsequent to the measurement date	1,054,600	-
Total	<u>\$ 1,729,985</u>	<u>336,738</u>

\$1,054,600 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30:	Amount
2017	\$ 31,289
2018	31,289
2019	31,288
2020	(424,773)
2021	(7,740)
Thereafter	-
	(338,647)

For PERA Fund Division; Municipal Fire Division, at June 30, 2016, the City reported a liability of \$9,265,870 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 1.7953 percent, which changed from its proportion measured as of June 30, 2014 of 1.6470 percent, an increase of 0.1483 percent.

For the year ended June 30, 2016, the City recognized PERA Fund Division; Municipal Fire Division pension expense of \$707,011. At June 30, 2016, the City reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal Fire Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 364,908	-
Changes of assumptions	195,426	-
Net difference between projected and actual earnings on pension plan investments	-	11,147
Change in proportion and differences between the City contributions and proportionate share of contributions	472,667	-
The City contributions subsequent to the measurement date	707,011	-
Total	\$ 1,740,012	11,147

\$707,011 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2017	\$ (221,772)
2018	(221,772)
2019	(221,772)
2020	(330,842)
2021	(25,696)
Thereafter	-
	(1,021,854)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014, for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

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Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
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
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013

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	4.0%	4.15%
Total	<u>100.0%</u>	

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.

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 Page 7 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.

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<u>PERA Fund Division - Municipal General Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The City's proportionate share of the net pension liability	\$ <u>18,225,755</u>	\$ <u>10,704,640</u>	\$ <u>4,451,345</u>
<u>PERA Fund Division - Municipal Police Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The City's proportionate share of the net pension liability	\$ <u>12,596,884</u>	\$ <u>7,627,820</u>	\$ <u>3,551,504</u>
<u>PERA Fund Division - Municipal Fire Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The City's proportionate share of the net pension liability	\$ <u>12,566,815</u>	\$ <u>9,265,869</u>	\$ <u>6,545,444</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

NOTE 10 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

Plan Description: The 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 the 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.

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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, 2016, 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, 2016, 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 of Gallup' contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$303,815, \$306,051, and \$295,757, respectively, which equal the required contributions for each year.

NOTE 11 – DEFERRED COMPENSATION 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 \$276,743 for Nationwide and \$7,035 for ICMA for the year ended June 30, 2016.

NOTE 12 – 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 non-probationary 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.

NOTE 13 – CONTINGENCIES

The City of Gallup is a party in various lawsuits. The City is insured by the New Mexico Self Insurers Fund. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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.

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NOTE 14 – DEFICIT FUND BALANCES

U.S. generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit fund balances of individual funds

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Rodeo (590)	Proprietary	\$ (45,164)

NOTE 15 – OPERATING LEASES

The reporting entity has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2017	\$ 130,749
2018	109,720
2019	77,119
2020	6,718
2021	-
	<u>\$ 324,306</u>

Lease expenditures for the year ended June 30, 2016 were approximately \$335,603.

NOTE 16 – COMMITMENTS

The City of Gallup has several projects under construction related to water and wastewater utilities. Below is a summary list of projects.

<u>Project #</u>	<u>Project</u>	<u>Total Cost</u>	<u>Amount Expensed as of June 30, 2016</u>	<u>Percent Complete</u>	<u>Estimated Date of Completion</u>
GU1501/GU1427					
/GU1105	Navajo Gallup	\$ 59,584,044	9,753,587	16%	6/30/2025
JU1554	Golf Course Reconstruction	3,798,038	2,245,381	59%	6/30/2017
JU1611	Mentmore Sewer	334,500	19,312	6%	6/30/2017
CI1630	Ridgecrest H2o	101,551	10,326	10%	6/30/2017
CI1631	Boardman Waterline Loop	289,673	10,326	4%	6/30/2017
AP1501	Fuel Farm II	545,000	158,274	29%	6/30/2017
AP1524	Airport Design Runway	238,757	193,691	81%	6/30/2017
CP1316	Retaining Wall Design - Sky City	525,114	22,377	4%	6/30/2017
LA1455	Skate Park	40,000	14,996	37%	6/30/2017
LA1477	Allison	150,000	130,106	87%	6/30/2017
CI1639	Maxwell Sewer Bridge	1,333,432	14,823	1%	6/30/2017
		<u>\$ 66,940,109</u>	<u>12,573,199</u>		

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NOTE 17 – RESTATEMENT OF NET POSITION

Restatements were made as follows:

<u>Fund Description</u>	<u>Fund</u>	<u>Reason</u>	<u>Amount</u>
Government-wide statements	N/A	Prior period adjustment to capture previously unrecorded net capital assets and the related accumulated depreciation & to agree capital assets and accumulated depreciation to current supporting documentation	\$ (7,749,267)
General fund	101	Prior period adjustment due to Agency funds included in general fund in FY15 audit report	(801,467)
General fund	101	Prior period adjustment due to Internal Service Fund included in General Fund in FY15 audit report	(129,853)
General fund	101	Prior period adjustment to remove grant revenue collected in FY16 for FY15 expenses. Total General Fund	<u>4,803</u> (926,517)
Internal Service Fund	603	Prior period adjustment due to fund being included in General Fund in FY15	129,853
Internal Service Fund	603	Prior period adjustment due to GASB 68 allocation from FY15 not recorded in FY15 Total Internal Service Fund	<u>(158,848)</u> <u>(28,995)</u>
Intergovernmental Grants	218	Prior period adjustment to remove grant revenue collected in FY16 for FY15 expenses.	2,282
Airport	308	Prior period adjustment to remove grant revenue collected in FY16 for FY15 expenses. Total governmental activities	144,337 <u>(8,558,160)</u>
Solid Waste	504	Prior period adjustment to correct balances related prior year incorrect grouping and misstatements	(21,623)
Joint Utility	306	Prior period adjustment to remove a FY15 audit entry that was not reversed in FY16	1,040,321
Joint Utility	multiple	Prior period adjustment to remove grant revenue collected in FY16 for FY15 expenses.	105,513
Joint Utility	multiple	Prior period adjustment to capture previously unrecorded net capital assets and the related accumulated depreciation & to agree capital assets and accumulated depreciation to current supporting documentation	2,737,541
Joint Utility	multiple	Prior period adjustment to correct balances related prior year incorrect grouping and misstatements Total Joint Utility Total proprietary (business-type) funds Total restatements	<u>(794,565)</u> 3,088,810 3,067,187 \$ <u>(5,490,973)</u>

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
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NONMAJOR SPECIAL REVENUE FUNDS

Corrections Fees (201) – To account 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) (206) – To account 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 (209) – To account 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 (211) – To account 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 (213) – To account 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 (214) – To account for the resources from the lodger's 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 (216) – To account 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 other improvement of existing or new alleys, streets, roads, or bridges.

Juvenile Recreation (217) - To account 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 (218) – To account for the resources from various City governmental grants. These funds are to be spent on expenditures outlines in the grant awards (Resolution R2002-10).

Senior Citizens (219) – To account 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 Bussing System (289) – To account for funding from state and city to support the operations of the Gallup Express Bussing System.

Gallup Detox (290) – To account for funding from McKinley liquor excise tax to support building maintenance upgrades.

Community Development Block Grant (CDBG) (291) – To account for the accumulation of resources received from the US 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 (293) – To account for the accumulation of resources received from a property owner assessment. These funds are to be spent on improvements in the Downtown area.

**STATE OF NEW MEXICO
CITY OF GALLUP
For the Year Ended June 30, 2016**

NONMAJOR CAPITAL PROJECTS FUNDS

Airport (308) – To account for the costs associated with Airport improvements.

02/11 Sales Tax Revenue Bonds Capital Projects Fund (313) – 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.

Legislative Appropriations (391) – To account 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.

Public Works (399) – To account 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.

NONMAJOR DEBT SERVICE FUND

Debt Service Fund (481, 490, 491, 497, 498) – To account for the accumulation of resources for 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 lodger's tax.

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Fund
As of June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 3,085,409	446,715	786,772	4,318,896
Restricted cash	353,331	-	5,000	358,331
Investments	1,900,058	130,015	116,165	2,146,238
Receivables				
Property taxes	-	-	45,323	45,323
Other taxes	100,926	-	-	100,926
Grants receivable	509,917	329,461	-	839,378
Accounts receivables, net	67,795	-	-	67,795
<i>Total assets</i>	<u>6,017,436</u>	<u>906,191</u>	<u>953,260</u>	<u>7,876,887</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
Accounts payable	97,314	-	-	97,314
Accrued payroll expenses	72,773	-	-	72,773
Interest payable	-	-	51,356	51,356
Due to other funds	60,000	175,000	60,000	295,000
<i>Total liabilities</i>	<u>230,087</u>	<u>175,000</u>	<u>111,356</u>	<u>516,443</u>
<i>Deferred inflows of resources</i>				
Deferred inflows - property taxes	-	-	28,296	28,296
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>230,087</u>	<u>175,000</u>	<u>139,652</u>	<u>544,739</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Restricted	5,787,349	731,191	-	6,518,540
Committed	-	-	813,608	813,608
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>5,787,349</u>	<u>731,191</u>	<u>813,608</u>	<u>7,332,148</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,017,436</u>	<u>906,191</u>	<u>953,260</u>	<u>7,876,887</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combing Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For The Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	-	521,910	521,910
Gasoline and motor vehicle	1,452,652	-	-	1,452,652
Lodger's	1,411,494	-	-	1,411,494
<i>Intergovernmental:</i>				
State operating grants	1,410,684	-	-	1,410,684
State capital grants	156,505	1,604,593	-	1,761,098
Federal operating grants	161,037	-	-	161,037
Federal capital grants	45,983	214,881	-	260,864
Charges for services	669,062	-	-	669,062
Interest income	44,337	48,850	6,515	99,702
Miscellaneous	913,546	-	-	913,546
<i>Total revenues</i>	<u>6,265,300</u>	<u>1,868,324</u>	<u>528,425</u>	<u>8,662,049</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	154,557	9,999	2,408	166,964
Public safety	224,591	-	-	224,591
Public works	2,104,236	619,206	-	2,723,442
Culture and recreation	1,952,900	-	-	1,952,900
Health and welfare	1,161,908	-	-	1,161,908
Capital outlay	1,316,169	487,061	-	1,803,230
<i>Debt service:</i>				
Principal	-	-	2,734,528	2,734,528
Interest	-	-	751,679	751,679
<i>Total expenditures</i>	<u>6,914,361</u>	<u>1,116,266</u>	<u>3,488,615</u>	<u>11,519,242</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(649,061)</u>	<u>752,058</u>	<u>(2,960,190)</u>	<u>(2,857,193)</u>
<i>Other financing sources (uses)</i>				
Transfers in	2,858,985	-	3,434,852	6,293,837
Transfers out	(320,314)	(1,264,102)	(633,480)	(2,217,896)
<i>Total other financing sources (uses)</i>	<u>2,538,671</u>	<u>(1,264,102)</u>	<u>2,801,372</u>	<u>4,075,941</u>
<i>Net change in fund balances</i>	1,889,610	(512,044)	(158,818)	1,218,748
<i>Fund balances - beginning of year</i>	<u>3,895,457</u>	<u>1,098,898</u>	<u>972,426</u>	<u>5,966,781</u>
<i>Restatement</i>	<u>2,282</u>	<u>144,337</u>	<u>-</u>	<u>146,619</u>
<i>Fund balance - beginning of year, as restated</i>	<u>3,897,739</u>	<u>1,243,235</u>	<u>972,426</u>	<u>6,113,400</u>
<i>Fund balances - end of year</i>	<u>\$ <u>5,787,349</u></u>	<u><u>731,191</u></u>	<u><u>813,608</u></u>	<u><u>7,332,148</u></u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
As of June 30, 2016**

	Corrections 201	EMS 206	Fire Protection 209	Law Enforcement 211	Library 213	Lodger's Tax 214
<i>Assets</i>						
Cash and cash equivalents	\$ 349,328	1,529	501,558	22,240	80,907	1,006,979
Restricted cash	-	-	143,288	-	-	-
Investments	-	-	-	-	-	950,029
Total assets	349,328	1,529	644,846	22,240	80,907	1,957,008
<i>Liabilities</i>						
Accounts payable	4,076	-	-	12,057	-	2,779
Accrued payroll expenses	-	-	-	-	-	2,795
Total liabilities	4,076	-	-	12,057	-	5,574
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	-
Restricted	345,252	1,529	644,846	10,183	80,907	1,951,434
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	345,252	1,529	644,846	10,183	80,907	1,951,434
Total liabilities and fund balances	\$ 349,328	1,529	644,846	22,240	80,907	1,957,008

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
As of June 30, 2016

	Municipal Street 216	Juvenile Recreation 217	Intergovern- mental Grants 218	Senior Citizens 219	Gallup Express Busing System 289	Gallup Detox 290
<i>Assets</i>						
Cash and cash equivalents	\$ 981,008	800	8,814	97,766	-	897
Restricted cash	210,043	-	-	-	-	-
Investments	950,029	-	-	-	-	-
Receivables						
Other taxes	100,926	-	-	-	-	-
Grants receivable	17,345	-	-	21,531	-	471,041
Accounts receivables, net	20,057	-	-	-	-	-
<i>Total assets</i>	<u>2,279,408</u>	<u>800</u>	<u>8,814</u>	<u>119,297</u>	<u>-</u>	<u>471,938</u>
<i>Liabilities</i>						
Accounts payable	19,889	-	-	5,686	-	35,332
Accrued payroll expenses	39,731	-	-	30,247	-	-
Due to other funds	-	-	-	-	-	60,000
<i>Total liabilities</i>	<u>59,620</u>	<u>-</u>	<u>-</u>	<u>35,933</u>	<u>-</u>	<u>95,332</u>
<i>Fund balances</i>						
Nonspendable	-	-	-	-	-	-
Restricted	2,219,788	800	8,814	83,364	-	376,606
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<i>Total fund balances</i>	<u>2,219,788</u>	<u>800</u>	<u>8,814</u>	<u>83,364</u>	<u>-</u>	<u>376,606</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,279,408</u>	<u>800</u>	<u>8,814</u>	<u>119,297</u>	<u>-</u>	<u>471,938</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
As of June 30, 2016**

	CDBG 291	Business Improvement District 293	Total Special Revenue Funds
<i>Assets</i>			
Cash and cash equivalents	\$ 24,375	9,208	3,085,409
Restricted cash	-	-	353,331
Investments	-	-	1,900,058
Receivables			
Other taxes	-	-	100,926
Grants receivable	-	-	509,917
Accounts receivables, net	-	47,738	67,795
<i>Total assets</i>	<u>24,375</u>	<u>56,946</u>	<u>6,017,436</u>
<i>Liabilities</i>			
Accounts payable	-	17,495	97,314
Accrued payroll expenses	-	-	72,773
Due to other funds	-	-	60,000
<i>Total liabilities</i>	<u>-</u>	<u>17,495</u>	<u>230,087</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	24,375	39,451	5,787,349
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>24,375</u>	<u>39,451</u>	<u>5,787,349</u>
<i>Total liabilities and fund balances</i>	<u>\$ 24,375</u>	<u>56,946</u>	<u>6,017,436</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Funds - Capital Project Funds
As of June 30, 2016**

	Airport 308	02/11 Sales Tax Revenue Bonds Capital Projects 313	Legislative Appropriations 391	Public Works 399	Total Capital Project Funds
<i>Assets</i>					
Cash and cash equivalents	\$ 66,199	50,000	2,867	327,649	446,715
Investments	-	130,015	-	-	130,015
Receivables					
Grants receivable	144,342	-	175,031	10,088	329,461
<i>Total assets</i>	<u>210,541</u>	<u>180,015</u>	<u>177,898</u>	<u>337,737</u>	<u>906,191</u>
<i>Liabilities</i>					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	175,000	-	175,000
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
<i>Fund balances</i>					
Nonspendable	-	-	-	-	-
Restricted	210,541	180,015	2,898	337,737	731,191
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>210,541</u>	<u>180,015</u>	<u>2,898</u>	<u>337,737</u>	<u>731,191</u>
<i>Total liabilities and fund balances</i>	<u>\$ 210,541</u>	<u>180,015</u>	<u>177,898</u>	<u>337,737</u>	<u>906,191</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Balance Sheet
Non-Major Governmental Funds - Debt Service Funds
As of June 30, 2016**

	Debt Service	Total Debt
	481, 490, 491, 497, 498	Service
		Funds
<i>Assets</i>		
Cash and cash equivalents	\$ 786,772	786,772
Restricted cash	5,000	5,000
Investments	116,165	116,165
Receivables		
Property taxes	45,323	45,323
<i>Total assets</i>	953,260	953,260
 <i>Liabilities, deferred inflows of resources, and fund balances</i>		
Interest payable	51,356	51,356
Due to other funds	60,000	60,000
<i>Total liabilities</i>	111,356	111,356
 <i>Deferred inflows of resources</i>		
Deferred inflows - property taxes	28,296	28,296
 <i>Total Liabilities and Deferred Inflow of Resources</i>	139,652	139,652
 <i>Fund balances</i>		
Nonspendable	-	-
Restricted	-	-
Committed	813,608	813,608
Assigned	-	-
Unassigned	-	-
<i>Total fund balances</i>	813,608	813,608
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 953,260	953,260

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2016

	Corrections	EMS	Fire	Law	Library	Lodger's
	201	206	Protection	Enforcement	213	Tax
	201	206	209	211	213	214
<i>Revenues:</i>						
Taxes:						
Lodger's	\$ -	-	-	-	-	1,411,494
<i>Intergovernmental:</i>						
State operating grants	-	-	515,141	67,200	66,693	-
State capital grants	-	-	-	-	-	-
Federal operating grants	-	-	-	-	-	-
Charges for services	139,571	-	-	-	6,542	-
Interest income	701	-	1,169	-	-	21,212
<i>Total revenues</i>	<u>140,272</u>	<u>-</u>	<u>516,310</u>	<u>67,200</u>	<u>73,235</u>	<u>1,432,706</u>
<i>Expenditures:</i>						
<i>Current:</i>						
Public safety	82,696	3,475	45,873	92,547	-	-
Culture and recreation	-	-	-	-	83,663	947,916
Capital outlay	-	-	-	-	-	20,640
<i>Total expenditures</i>	<u>82,696</u>	<u>3,475</u>	<u>45,873</u>	<u>92,547</u>	<u>83,663</u>	<u>968,556</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>57,576</u>	<u>(3,475)</u>	<u>470,437</u>	<u>(25,347)</u>	<u>(10,428)</u>	<u>464,150</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(140,881)	-	(8,880)	(86,400)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(140,881)</u>	<u>-</u>	<u>(8,880)</u>	<u>(86,400)</u>
<i>Net change in fund balances</i>	57,576	(3,475)	329,556	(25,347)	(19,308)	377,750
<i>Fund balance - beginning of year</i>	287,676	5,004	315,290	35,530	100,215	1,573,684
<i>Restatement</i>	-	-	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>287,676</u>	<u>5,004</u>	<u>315,290</u>	<u>35,530</u>	<u>100,215</u>	<u>1,573,684</u>
<i>Fund balances - end of year</i>	<u>\$ 345,252</u>	<u>1,529</u>	<u>644,846</u>	<u>10,183</u>	<u>80,907</u>	<u>1,951,434</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2016

	Municipal Street 216	Juvenile Recreation 217	Inter- governmental Grants 218	Senior Citizens 219	Gallup Express Busing System 289	Gallup Detox 290
<i>Revenues:</i>						
<i>Taxes:</i>						
Gasoline and motor vehicle	\$ 1,452,652	-	-	-	-	-
<i>Intergovernmental:</i>						
State operating grants	-	-	140,000	150,609	-	471,041
State capital grants	156,505	-	-	-	-	-
Federal operating grants	-	-	-	161,037	-	-
Federal capital grants	41,842	-	4,141	-	-	-
Charges for services	16,881	-	-	-	-	234,000
Interest income	21,255	-	-	-	-	-
Miscellaneous	-	-	-	35,207	-	878,339
<i>Total revenues</i>	<u>1,689,135</u>	<u>-</u>	<u>144,141</u>	<u>346,853</u>	<u>-</u>	<u>1,583,380</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	-	154,557	-	-	-
Public works	2,087,584	16,652	-	-	-	-
Culture and recreation	-	-	-	700,453	-	-
Health and welfare	-	-	-	-	-	1,161,908
Capital outlay	1,295,529	-	-	-	-	-
<i>Total expenditures</i>	<u>3,383,113</u>	<u>16,652</u>	<u>154,557</u>	<u>700,453</u>	<u>-</u>	<u>1,161,908</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,693,978)</u>	<u>(16,652)</u>	<u>(10,416)</u>	<u>(353,600)</u>	<u>-</u>	<u>421,472</u>
<i>Other financing sources (uses)</i>						
Transfers in	2,442,787	-	-	416,198	-	-
Transfers out	-	-	(84,153)	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,442,787</u>	<u>-</u>	<u>(84,153)</u>	<u>416,198</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	748,809	(16,652)	(94,569)	62,598	-	421,472
<i>Fund balances - beginning of year</i>	1,470,979	17,452	101,101	20,766	-	(44,866)
<i>Restatement</i>	-	-	2,282	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>1,470,979</u>	<u>17,452</u>	<u>103,383</u>	<u>20,766</u>	<u>-</u>	<u>(44,866)</u>
<i>Fund balances - end of year</i>	<u>\$ 2,219,788</u>	<u>800</u>	<u>8,814</u>	<u>83,364</u>	<u>-</u>	<u>376,606</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2016

	CDBG	Business Improvement District	Total Special Revenue Funds
	291	293	
<i>Revenues:</i>			
Taxes:			
Gasoline and motor vehicle	\$ -	-	1,452,652
Lodger's	-	-	1,411,494
Intergovernmental:			
State operating grants	-	-	1,410,684
State capital grants	-	-	156,505
Federal operating grants	-	-	161,037
Federal capital grants	-	-	45,983
Charges for services	-	272,068	669,062
Interest income	-	-	44,337
Miscellaneous	-	-	913,546
<i>Total revenues</i>	<u>-</u>	<u>272,068</u>	<u>6,265,300</u>
<i>Expenditures:</i>			
Current:			
General government	-	-	154,557
Public safety	-	-	224,591
Public works	-	-	2,104,236
Culture and recreation	-	220,868	1,952,900
Health and welfare	-	-	1,161,908
Capital outlay	-	-	1,316,169
<i>Total expenditures</i>	<u>-</u>	<u>220,868</u>	<u>6,914,361</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>51,200</u>	<u>(649,061)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	2,858,985
Transfers out	-	-	(320,314)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>2,538,671</u>
<i>Net change in fund balances</i>	-	51,200	1,889,610
<i>Fund balances - beginning of year</i>	24,375	(11,749)	3,895,457
<i>Restatement</i>	-	-	2,282
<i>Fund balance - beginning of year, as restated</i>	<u>24,375</u>	<u>(11,749)</u>	<u>3,897,739</u>
<i>Fund balances - end of year</i>	<u>\$ 24,375</u>	<u>39,451</u>	<u>5,787,349</u>

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

STATE OF NEW MEXICO
CITY OF GALLUP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Capital Project Funds
For the Year Ended June 30, 2016

	Airport	02/11 Sales Tax Revenue Bonds Capital Projects	Legislative Appropriations	Public Works	Total Capital Project Funds
	308	313	391	399	
<i>Revenues:</i>					
Intergovernmental:					
State capital grants	\$ 270,428	-	496,921	837,244	1,604,593
Federal capital grants	214,881	-	-	-	214,881
Charges for services	-	-	-	-	-
Interest income	-	48,850	-	-	48,850
<i>Total revenues</i>	<u>485,309</u>	<u>48,850</u>	<u>496,921</u>	<u>837,244</u>	<u>1,868,324</u>
<i>Expenditures:</i>					
Current:					
General government	-	9,999	-	-	9,999
Public works	24,610	-	319,459	275,137	619,206
Capital outlay	341,961	-	14,996	130,104	487,061
<i>Total expenditures</i>	<u>366,571</u>	<u>9,999</u>	<u>334,455</u>	<u>405,241</u>	<u>1,116,266</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>118,738</u>	<u>38,851</u>	<u>162,466</u>	<u>432,003</u>	<u>752,058</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	-	-	-
Transfers out	(49,806)	(385,763)	(107,057)	(721,476)	(1,264,102)
<i>Total other financing sources (uses)</i>	<u>(49,806)</u>	<u>(385,763)</u>	<u>(107,057)</u>	<u>(721,476)</u>	<u>(1,264,102)</u>
<i>Net change in fund balances</i>	68,932	(346,912)	55,409	(289,473)	(512,044)
<i>Fund balances - beginning of year</i>	(2,728)	526,927	(52,511)	627,210	1,098,898
<i>Restatement</i>	144,337	-	-	-	144,337
<i>Fund balance - beginning of year, as restated</i>	<u>141,609</u>	<u>526,927</u>	<u>(52,511)</u>	<u>627,210</u>	<u>1,243,235</u>
<i>Fund balances - end of year</i>	<u>\$ 210,541</u>	<u>180,015</u>	<u>2,898</u>	<u>337,737</u>	<u>731,191</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Debt Service Funds
For the Year Ended June 30, 2016**

	Debt Service	Total Debt
	<u>481,490,491,497,498</u>	<u>Service Funds</u>
<i>Revenues:</i>		
Taxes:		
Property	\$ 521,910	521,910
Interest income	6,515	6,515
<i>Total revenues</i>	<u>528,425</u>	<u>528,425</u>
<i>Expenditures:</i>		
Current:		
General government	2,408	2,408
Debt service:		
Principal	2,734,528	2,734,528
Interest	751,679	751,679
<i>Total expenditures</i>	<u>3,488,615</u>	<u>3,488,615</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,960,190)</u>	<u>(2,960,190)</u>
<i>Other financing sources (uses)</i>		
Transfers in	3,434,852	3,434,852
Transfers out	(633,480)	(633,480)
Proceeds from debt issuance	-	-
<i>Total other financing sources (uses)</i>	<u>2,801,372</u>	<u>2,801,372</u>
<i>Net change in fund balances</i>	(158,818)	(158,818)
<i>Fund balances - beginning of year</i>	<u>972,426</u>	<u>972,426</u>
<i>Fund balances - end of year</i>	<u>\$ <u>813,608</u></u>	<u>813,608</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Corrections (201) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Charges for services	\$ 90,100	139,100	139,571	471
Interest income	2,900	2,900	701	(2,199)
<i>Total revenues</i>	<u>93,000</u>	<u>142,000</u>	<u>140,272</u>	<u>(1,728)</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	93,000	78,620	14,380
<i>Total expenditures</i>	<u>-</u>	<u>93,000</u>	<u>78,620</u>	<u>14,380</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>93,000</u>	<u>49,000</u>	<u>61,652</u>	<u>12,652</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	93,000	49,000	61,652	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>287,676</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>349,328</u>	
Change in fund balance (Budget Basis)			\$ 61,652	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>(4,076)</u>	
Change in fund balance (GAAP basis)			<u>\$ 57,576</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
EMS (206) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State operating grants	\$ 17,500	-	-	-
<i>Total revenues</i>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	3,480	3,476	4
<i>Total expenditures</i>	<u>-</u>	<u>3,480</u>	<u>3,476</u>	<u>4</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,500</u>	<u>(3,480)</u>	<u>(3,476)</u>	<u>4</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	3,480	-	(3,480)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,480</u>	<u>-</u>	<u>(3,480)</u>
<i>Net change in fund balance</i>	17,500	-	(3,476)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,004</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>1,528</u>	
Change in fund balance (Budget Basis)			\$ (3,476)	
To adjust applicable revenue accruals and deferrals			1	
To adjust applicable expenditure accruals			<u>-</u>	
Change in fund balance (GAAP basis)			<u>\$ (3,475)</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Fire Protection (209) - Special Revenue Fund
For the Year Ended June 30, 2016

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Intergovernmental:</i>				
State operating grants	\$ 767,018	515,141	515,141	-
Interest income	3,900	3,900	1,169	(2,731)
<i>Total revenues</i>	<u>770,918</u>	<u>519,041</u>	<u>516,310</u>	<u>(2,731)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Public safety	-	184,083	45,813	138,270
Capital outlay	510,000	503,060	59	503,001
<i>Total expenditures</i>	<u>510,000</u>	<u>687,143</u>	<u>45,872</u>	<u>641,271</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>260,918</u>	<u>(168,102)</u>	<u>470,438</u>	<u>638,540</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	311,390	-	(311,390)
Transfers in	-	-	-	-
Transfers out	(140,881)	(143,288)	(140,881)	2,407
<i>Total other financing sources (uses)</i>	<u>(140,881)</u>	<u>168,102</u>	<u>(140,881)</u>	<u>(308,983)</u>
<i>Net change in fund balance</i>	120,037	-	329,557	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>315,290</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>644,847</u>	
Change in fund balance (Budget Basis)			\$ 329,557	
To adjust applicable revenue accruals and deferrals			(1)	
To adjust applicable expenditure accruals			<u>-</u>	
Change in fund balance (GAAP basis)			<u>\$ 329,556</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement (211) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State operating grants	\$ -	67,200	67,200	-
<i>Total revenues</i>	<u>-</u>	<u>67,200</u>	<u>67,200</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	102,730	92,420	10,310
<i>Total expenditures</i>	<u>-</u>	<u>102,730</u>	<u>92,420</u>	<u>10,310</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(35,530)</u>	<u>(25,220)</u>	<u>10,310</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	35,530	-	(35,530)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>35,530</u>	<u>-</u>	<u>(35,530)</u>
<i>Net change in fund balance</i>	-	-	(25,220)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>35,530</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>10,310</u>	
Change in fund balance (Budget Basis)			\$ (25,220)	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>(127)</u>	
Change in fund balance (GAAP basis)			<u>\$ (25,347)</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Library (213) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Intergovernmental:</i>				
State operating grants	\$ -	141,645	66,693	(74,952)
Charges for services	7,000	7,000	6,542	(458)
<i>Total revenues</i>	<u>7,000</u>	<u>148,645</u>	<u>73,235</u>	<u>(75,410)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture and recreation	-	127,766	83,663	44,103
Capital outlay	-	8,880	8,880	-
<i>Total expenditures</i>	<u>-</u>	<u>136,646</u>	<u>92,543</u>	<u>44,103</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,000</u>	<u>11,999</u>	<u>(19,308)</u>	<u>(31,307)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	7,000	11,999	(19,308)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>100,215</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>80,907</u>	
Change in fund balance (Budget Basis)			\$ (19,308)	
To adjust applicable revenue accruals and deferrals			(8,880)	
To adjust applicable expenditure accruals			<u>8,880</u>	
Change in fund balance (GAAP basis)			<u>\$ (19,308)</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Lodger's Tax (214) - Special Revenue Fund
For the Year Ended June 30, 2016

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Taxes:</i>				
Lodger's	\$ 1,320,000	1,411,500	1,411,494	(6)
Interest income	-	22,000	21,212	(788)
<i>Total revenues</i>	<u>1,320,000</u>	<u>1,433,500</u>	<u>1,432,706</u>	<u>(794)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture and recreation	1,021,000	1,493,817	932,979	560,838
Capital outlay	-	22,270	20,640	1,630
<i>Total expenditures</i>	<u>1,021,000</u>	<u>1,516,087</u>	<u>953,619</u>	<u>562,468</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>299,000</u>	<u>(82,587)</u>	<u>479,087</u>	<u>561,674</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	30,020	257,007	-	(257,007)
Transfers in	-	-	-	-
Transfers out	<u>(329,020)</u>	<u>(174,420)</u>	<u>(86,400)</u>	<u>88,020</u>
<i>Total other financing sources (uses)</i>	<u>(299,000)</u>	<u>82,587</u>	<u>(86,400)</u>	<u>(168,987)</u>
<i>Net change in fund balance</i>	-	-	392,687	
<i>Fund balance - beginning of year</i>	-	-	<u>1,573,684</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>1,966,371</u>	
Change in fund balance (Budget Basis)			\$ 392,687	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>(14,937)</u>	
Change in fund balance (GAAP basis)			<u>\$ 377,750</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Municipal Street (216) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Taxes:</i>				
Gasoline and motor vehicle	\$ 1,150,000	1,150,000	1,351,726	201,726
<i>Intergovernmental:</i>				
State capital grants	-	293,743	156,505	(137,238)
Federal capital grants	-	497,084	24,497	(472,587)
Charges for services	-	-	16,881	16,881
Interest income	-	21,260	21,255	(5)
<i>Total revenues</i>	<u>1,150,000</u>	<u>1,962,087</u>	<u>1,570,864</u>	<u>(391,223)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Public works	2,135,911	2,162,573	1,723,651	438,922
Capital outlay	699,750	1,628,487	718,672	909,815
<i>Total expenditures</i>	<u>2,835,661</u>	<u>3,791,060</u>	<u>2,442,323</u>	<u>1,348,737</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,685,661)</u>	<u>(1,828,973)</u>	<u>(871,459)</u>	<u>957,514</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	85,661	222,407	-	(222,407)
Transfers in	1,600,000	1,606,566	1,606,566	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,685,661</u>	<u>1,828,973</u>	<u>1,606,566</u>	<u>(222,407)</u>
<i>Net change in fund balance</i>	-	-	735,107	
<i>Fund balance - beginning of year</i>	-	-	1,470,979	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>2,206,086</u>	
Change in fund balance (Budget Basis)			\$ 735,107	
To adjust applicable revenue accruals and deferrals			954,492	
To adjust applicable expenditure accruals			<u>(940,790)</u>	
Change in fund balance (GAAP basis)			<u>\$ 748,809</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Juvenile Recreation (217) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Miscellaneous	\$ -	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public works	-	17,452	16,652	800
<i>Total expenditures</i>	<u>-</u>	<u>17,452</u>	<u>16,652</u>	<u>800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(17,452)</u>	<u>(16,652)</u>	<u>800</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	17,452	-	(17,452)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>17,452</u>	<u>-</u>	<u>(17,452)</u>
<i>Net change in fund balance</i>	-	-	(16,652)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>17,452</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>800</u>	
Change in fund balance (Budget Basis)			\$ (16,652)	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>-</u>	
Change in fund balance (GAAP basis)			\$ <u>(16,652)</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Intergovernmental Grants (218) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Intergovernmental:</i>				
State operating grants	\$ -	140,000	140,000	-
Federal capital grants	-	7,359	6,424	(935)
<i>Total revenues</i>	<u>-</u>	<u>147,359</u>	<u>146,424</u>	<u>(935)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	156,023	151,327	4,696
Capital outlay	-	81,260	57,275	23,985
<i>Total expenditures</i>	<u>-</u>	<u>237,283</u>	<u>208,602</u>	<u>28,681</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(89,924)</u>	<u>(62,178)</u>	<u>27,746</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	120,034	-	(120,034)
Transfers in	-	-	-	-
Transfers out	-	(30,110)	(30,110)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>89,924</u>	<u>(30,110)</u>	<u>(120,034)</u>
<i>Net change in fund balance</i>	-	-	(92,288)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>101,101</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>8,813</u>	
Change in fund balance (Budget Basis)			\$ (92,288)	
To adjust applicable revenue accruals and deferrals			(56,326)	
To adjust applicable expenditure accruals			<u>54,045</u>	
Change in fund balance (GAAP basis)			\$ <u>(94,569)</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Senior Citizens (219) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Intergovernmental:</i>				
State operating grants	\$ 175,924	150,609	138,432	(12,177)
Federal operating grants	161,037	161,037	151,683	(9,354)
Miscellaneous	50,000	50,000	35,207	(14,793)
<i>Total revenues</i>	<u>386,961</u>	<u>361,646</u>	<u>325,322</u>	<u>(36,324)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture and recreation	801,515	886,100	646,329	239,771
<i>Total expenditures</i>	<u>801,515</u>	<u>886,100</u>	<u>646,329</u>	<u>239,771</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(414,554)</u>	<u>(524,454)</u>	<u>(321,007)</u>	<u>203,447</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	108,256	-	(108,256)
Transfers in	414,554	416,198	416,198	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>414,554</u>	<u>524,454</u>	<u>416,198</u>	<u>(108,256)</u>
<i>Net change in fund balance</i>	-	-	95,191	
<i>Fund balance - beginning of year</i>	-	-	20,766	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>115,957</u>	
Change in fund balance (Budget Basis)			\$ 95,191	
To adjust applicable revenue accruals and deferrals			21,530	
To adjust applicable expenditure accruals			<u>(54,123)</u>	
Change in fund balance (GAAP basis)			<u>\$ 62,598</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Gallup Express Busing System (289) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Charges for services	\$ -	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Change in fund balance (Budget Basis)			\$ -	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>-</u>	
Change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Gallup Detox (290) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State operating grants	\$ -	500,000	-	(500,000)
Charges for services	-	234,000	234,000	-
Miscellaneous	-	878,340	878,339	(1)
<i>Total revenues</i>	<u>-</u>	<u>1,612,340</u>	<u>1,112,339</u>	<u>(500,001)</u>
<i>Expenditures:</i>				
Current:				
Health and welfare	-	1,484,386	1,126,576	357,810
<i>Total expenditures</i>	<u>-</u>	<u>1,484,386</u>	<u>1,126,576</u>	<u>357,810</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>127,954</u>	<u>(14,237)</u>	<u>(142,191)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	127,954	(14,237)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(44,866)</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(59,103)</u>	
Change in fund balance (Budget Basis)			\$ (14,237)	
To adjust applicable revenue accruals and deferrals			471,041	
To adjust applicable expenditure accruals			<u>(35,332)</u>	
Change in fund balance (GAAP basis)			<u>\$ 421,472</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
CDBG (291) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
Federal operating grants	\$ -	696,326	-	(696,326)
<i>Total revenues</i>	<u>-</u>	<u>696,326</u>	<u>-</u>	<u>(696,326)</u>
<i>Expenditures:</i>				
Capital outlay	-	709,059	-	709,059
<i>Total expenditures</i>	<u>-</u>	<u>709,059</u>	<u>-</u>	<u>709,059</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(12,733)</u>	<u>-</u>	<u>12,733</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	12,733	-	(12,733)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>12,733</u>	<u>-</u>	<u>(12,733)</u>
<i>Net change in fund balance</i>	-	-	-	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,375</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>24,375</u>	
Change in fund balance (Budget Basis)			\$ -	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>-</u>	
Change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Business Improvement District (293) - Special Revenue Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Charges for services	\$ 240,000	272,090	272,068	(22)
<i>Total revenues</i>	<u>240,000</u>	<u>272,090</u>	<u>272,068</u>	<u>(22)</u>
<i>Expenditures:</i>				
Current:				
Culture and recreation	240,000	240,000	203,373	36,627
<i>Total expenditures</i>	<u>240,000</u>	<u>240,000</u>	<u>203,373</u>	<u>36,627</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>32,090</u>	<u>68,695</u>	<u>36,605</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	32,090	68,695	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,749)</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>56,946</u>	
Change in fund balance (Budget Basis)			\$ 68,695	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>(17,495)</u>	
Change in fund balance (GAAP basis)			<u>\$ 51,200</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Airport (308) - Capital Projects Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State capital grants	\$ -	326,156	270,428	(55,728)
Federal capital grants	-	359,218	214,881	(144,337)
<i>Total revenues</i>	<u>-</u>	<u>685,374</u>	<u>485,309</u>	<u>(200,065)</u>
<i>Expenditures:</i>				
Current:				
Public works	-	123,761	24,610	99,151
Capital outlay	-	585,120	391,767	193,353
<i>Total expenditures</i>	<u>-</u>	<u>708,881</u>	<u>416,377</u>	<u>292,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(23,507)</u>	<u>68,932</u>	<u>92,439</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	23,507	-	(23,507)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>23,507</u>	<u>-</u>	<u>(23,507)</u>
<i>Net change in fund balance</i>	-	-	68,932	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,728)</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>66,204</u>	
Change in fund balance (Budget Basis)			\$ 68,932	
To adjust applicable revenue accruals and deferrals			(49,806)	
To adjust applicable expenditure accruals			<u>49,806</u>	
Change in fund balance (GAAP basis)			<u>\$ 68,932</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
02/11 Sales Tax Revenue Bonds Capital Projects (313) - Capital Projects Fund
For the Year Ended June 30, 2016

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Interest income	\$ 2,000	48,860	48,850	(10)
<i>Total revenues</i>	<u>2,000</u>	<u>48,860</u>	<u>48,850</u>	<u>(10)</u>
<i>Expenditures:</i>				
Capital outlay	-	409,998	395,761	14,237
<i>Total expenditures</i>	<u>-</u>	<u>409,998</u>	<u>395,761</u>	<u>14,237</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,000</u>	<u>(361,138)</u>	<u>(346,911)</u>	<u>14,227</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	361,138	-	(361,138)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>361,138</u>	<u>-</u>	<u>(361,138)</u>
<i>Net change in fund balance</i>	2,000	-	(346,911)	
<i>Fund balance - beginning of year</i>	-	-	526,927	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>180,016</u>	
Change in fund balance (Budget Basis)			\$ (346,911)	
To adjust applicable revenue accruals and deferrals			(385,764)	
To adjust applicable expenditure accruals			<u>385,763</u>	
Change in fund balance (GAAP basis)			\$ <u>(346,912)</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Legislative Appropriations (391) - Capital Projects Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State capital grants	\$ -	1,077,756	321,890	(755,866)
<i>Total revenues</i>	<u>-</u>	<u>1,077,756</u>	<u>321,890</u>	<u>(755,866)</u>
<i>Expenditures:</i>				
Current:				
Public works	-	463,926	319,458	144,468
Capital outlay	-	558,422	122,053	436,369
<i>Total expenditures</i>	<u>-</u>	<u>1,022,348</u>	<u>441,511</u>	<u>580,837</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>55,408</u>	<u>(119,621)</u>	<u>(175,029)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	55,408	(119,621)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(52,511)</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(172,132)</u>	
Change in fund balance (Budget Basis)			\$ (119,621)	
To adjust applicable revenue accruals and deferrals			67,973	
To adjust applicable expenditure accruals			<u>107,057</u>	
Change in fund balance (GAAP basis)			<u>\$ 55,409</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Public Works (399) - Capital Projects Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Intergovernmental:				
State capital grants	\$ -	5,348,000	827,155	(4,520,845)
<i>Total revenues</i>	<u>-</u>	<u>5,348,000</u>	<u>827,155</u>	<u>(4,520,845)</u>
<i>Expenditures:</i>				
Current:				
Public works	-	105,610	76,396	29,214
Capital outlay	-	6,014,597	1,050,320	4,964,277
<i>Total expenditures</i>	<u>-</u>	<u>6,120,207</u>	<u>1,126,716</u>	<u>4,993,491</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(772,207)</u>	<u>(299,561)</u>	<u>472,646</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	-	772,207	-	(772,207)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>772,207</u>	<u>-</u>	<u>(772,207)</u>
<i>Net change in fund balance</i>	-	-	(299,561)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>627,210</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>327,649</u>	
Change in fund balance (Budget Basis)			\$ (299,561)	
To adjust applicable revenue accruals and deferrals			(711,388)	
To adjust applicable expenditure accruals			<u>721,476</u>	
Change in fund balance (GAAP basis)			\$ <u>(289,473)</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Debt Service (481, 490, 491, 497, 498) - Debt Service Fund
For the Year Ended June 30, 2016

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>				
Taxes:				
Property	\$ 325,000	512,465	504,882	(7,583)
Interest income	-	6,516	6,515	(1)
<i>Total revenues</i>	<u>325,000</u>	<u>518,981</u>	<u>511,397</u>	<u>(7,584)</u>
<i>Expenditures:</i>				
Current:				
General government	-	2,407	2,407	-
Capital outlay	-	71,000	66,805	4,195
Debt service:				
Principal	2,734,528	2,734,528	2,734,528	-
Interest	700,324	700,324	700,324	-
<i>Total expenditures</i>	<u>3,434,852</u>	<u>3,508,259</u>	<u>3,504,064</u>	<u>4,195</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,109,852)</u>	<u>(2,989,278)</u>	<u>(2,992,667)</u>	<u>(3,389)</u>
<i>Other financing sources (uses)</i>				
Designated cash/other assets	87,075	118,694	-	(118,694)
Transfers in	3,434,852	3,437,259	3,434,852	(2,407)
Transfers out	(412,075)	(566,675)	(566,675)	-
<i>Total other financing sources (uses)</i>	<u>3,109,852</u>	<u>2,989,278</u>	<u>2,868,177</u>	<u>(121,101)</u>
<i>Net change in fund balance</i>	-	-	(124,490)	
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>972,426</u>	
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>-</u>	<u>847,936</u>	
Change in fund balance (Budget Basis)			\$ (124,490)	
To adjust applicable revenue accruals and deferrals			(49,777)	
To adjust applicable expenditure accruals			<u>15,449</u>	
Change in fund balance (GAAP basis)			\$ <u>(158,818)</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
For the Year Ended June 30, 2016**

NONMAJOR PROPRIETARY FUNDS

Solid Waste (504) – To account 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 (516) – To account 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 (590) – To account for the operations of NHJFR. Activities of the fund include administration and operation of the rodeo. All costs are financed through ticker sales and sponsorships.

Gamerco (592) – To account for the operation of wastewater, water, and solid waste collection services to the residents of the township of Gamerco. Activities of the fund include administration, operation, and maintenance of the distribution system.

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Net Position
Non-Major Proprietary Funds
As of June 30, 2016**

	Solid Waste 504	Fitness Center 516	Rodeo 590	Gamerco 592	Total
<i>Assets</i>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 1,145,396	599,373	11,733	197,464	1,953,966
Investments	3,648,409	-	-	-	3,648,409
Receivables:					
Other taxes	19,000	-	-	-	19,000
Accounts receivables, net	210,676	-	-	378,485	589,161
<i>Total current assets</i>	<u>5,023,481</u>	<u>599,373</u>	<u>11,733</u>	<u>575,949</u>	<u>6,210,536</u>
<i>Noncurrent Assets</i>					
Land and work in progress	162,025	52,890	-	-	214,915
Capital assets, depreciable	4,913,050	-	-	-	4,913,050
Less: accumulated depreciation	(3,137,545)	-	-	-	(3,137,545)
<i>Total noncurrent assets</i>	<u>1,937,530</u>	<u>52,890</u>	<u>-</u>	<u>-</u>	<u>1,990,420</u>
<i>Total Assets</i>	<u>6,961,011</u>	<u>652,263</u>	<u>11,733</u>	<u>575,949</u>	<u>8,200,956</u>
<i>Deferred Outflows of Resources</i>					
Pension deferral	126,465	26,024	-	-	152,489
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 7,087,476</u>	<u>678,287</u>	<u>11,733</u>	<u>575,949</u>	<u>8,353,445</u>
<i>Liabilities</i>					
<i>Current liabilities</i>					
Accounts payable	\$ 85,556	3,522	26,897	75,541	191,516
Accrued payroll expenses	29,935	4,080	-	-	34,015
Due to other funds	-	-	30,000	-	30,000
Compensated absences	50,735	2,893	-	-	53,628
Landfill closure costs, current portion	18,813	-	-	-	18,813
<i>Total current liabilities</i>	<u>185,039</u>	<u>10,495</u>	<u>56,897</u>	<u>75,541</u>	<u>327,972</u>
<i>Noncurrent Liabilities</i>					
Compensated absences	27,319	1,558	-	-	28,877
Landfill closure costs	188,125	-	-	-	188,125
Net pension liability	696,188	143,619	-	-	839,807
<i>Total noncurrent liabilities</i>	<u>911,632</u>	<u>145,177</u>	<u>-</u>	<u>-</u>	<u>1,056,809</u>
<i>Total liabilities</i>	<u>1,096,671</u>	<u>155,672</u>	<u>56,897</u>	<u>75,541</u>	<u>1,384,781</u>
<i>Deferred Inflows of Resources</i>					
Pension deferral	1,842	3,045	-	-	4,887
<i>Total deferred inflows of resources</i>	<u>1,842</u>	<u>3,045</u>	<u>-</u>	<u>-</u>	<u>4,887</u>
<i>Net Position</i>					
Net investment in capital assets	1,937,530	52,890	-	-	1,990,420
Unrestricted	4,951,433	466,680	(45,164)	500,408	4,973,357
<i>Total net position</i>	<u>5,988,963</u>	<u>519,570</u>	<u>(45,164)</u>	<u>500,408</u>	<u>6,963,777</u>
<i>Total Liabilities, Deferred Inflows or Resources, and Net Position</i>	<u>\$ 7,087,476</u>	<u>\$ 678,287</u>	<u>\$ 11,733</u>	<u>\$ 575,949</u>	<u>8,353,445</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Fund Net Position
Non-Major Proprietary Funds
For the Year Ended June 30, 2016**

	Solid Waste 504	Fitness Center 516	Rodeo 590	Gamerco 592	Total
<i>Operating revenues:</i>					
Charges for services	\$ 2,989,917	316,349	160,563	735,481	4,202,310
<i>Total operating revenues</i>	<u>2,989,917</u>	<u>316,349</u>	<u>160,563</u>	<u>735,481</u>	<u>4,202,310</u>
<i>Operating expenses:</i>					
Personnel services	741,631	137,299	-	-	878,930
Contractual services	1,161,495	12,670	188,176	404,640	1,766,981
Supplies and equipment	43,572	8,481	-	-	52,053
Repairs and maintenance	144,344	48,055	-	-	192,399
Utilities	8,662	34,383	-	-	43,045
Miscellaneous	378,230	8,792	46,690	-	433,712
Depreciation and amortization	541,508	-	-	-	541,508
<i>Total operating expenses</i>	<u>3,019,442</u>	<u>249,680</u>	<u>234,866</u>	<u>404,640</u>	<u>3,908,628</u>
<i>Operating income (loss)</i>	<u>(29,525)</u>	<u>66,669</u>	<u>(74,303)</u>	<u>330,841</u>	<u>293,682</u>
<i>Non-operating revenues (expenses):</i>					
Gross receipts and other taxes	543,880	-	62,642	-	606,522
Interest income	117,127	-	-	-	117,127
Miscellaneous	20,562	-	8,780	-	29,342
<i>Total non-operating revenues (expenses)</i>	<u>681,569</u>	<u>-</u>	<u>71,422</u>	<u>-</u>	<u>752,991</u>
Transfers in	3,371	324	-	-	3,695
Transfers out	(284,021)	-	-	-	(284,021)
<i>Net capital grants and transfers</i>	<u>(280,650)</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>(280,326)</u>
<i>Change in net position</i>	371,394	66,993	(2,881)	330,841	766,347
<i>Net position, beginning of year</i>	5,639,192	452,577	(42,283)	169,567	6,219,053
<i>Restatement</i>	(21,623)	-	-	-	(21,623)
<i>Beginning net position, as restated</i>	<u>5,617,569</u>	<u>452,577</u>	<u>(42,283)</u>	<u>169,567</u>	<u>6,197,430</u>
<i>Net position, end of year</i>	<u>\$ 5,988,963</u>	<u>519,570</u>	<u>(45,164)</u>	<u>500,408</u>	<u>6,963,777</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Cash Flows
Non-Major Proprietary Funds
For The Year Ended June 30, 2016**

	Solid Waste 504	Fitness Center 516	Rodeo 590	Gamerco 592	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 3,206,177	318,857	160,563	387,988	4,073,585
Payments to employees	(664,551)	(131,238)	-	-	(795,789)
Payments to suppliers	(1,365,266)	(103,627)	(177,526)	(386,992)	(2,033,411)
Other receipts/(payments)	(420,395)	(8,792)	(43,045)	-	(472,232)
<i>Net cash provided (used) by operating activities</i>	<u>755,965</u>	<u>75,200</u>	<u>(60,008)</u>	<u>996</u>	<u>772,153</u>
Cash flows from noncapital financing activities:					
Gross receipts and other taxes	543,880	-	62,642	-	606,522
Miscellaneous revenue	20,562	-	8,780	-	29,342
Transfers from other funds	3,371	324	-	-	3,695
Transfers to other funds	(284,021)	-	-	-	(284,021)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>283,792</u>	<u>324</u>	<u>71,422</u>	<u>-</u>	<u>355,538</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(1,228,196)	-	-	-	(1,228,196)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(1,228,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,228,196)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	500,000	-	-	-	500,000
Purchases of investments	(242,250)	-	-	-	(242,250)
Interest income	117,127	-	-	-	117,127
<i>Net cash provided (used) by investing activities</i>	<u>374,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,877</u>
Net increase (decrease) in cash and cash equivalents	186,438	75,524	11,414	996	274,372
Balances - beginning of year	958,958	523,849	319	196,468	1,679,594
Balances - end of year	<u>\$ 1,145,396</u>	<u>599,373</u>	<u>11,733</u>	<u>197,464</u>	<u>1,953,966</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Cash Flows
Non-Major Proprietary Funds
For The Year Ended June 30, 2016**

	<u>Solid Waste 504</u>	<u>Fitness Center 516</u>	<u>Rodeo 590</u>	<u>Gamerco 592</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (29,525)	66,669	(74,303)	330,841	293,682
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	541,508	-	-	-	541,508
Pension expense	13,283	2,610	-	-	15,893
Landfill postclosure costs	(42,165)	-	-	-	(42,165)
(Increase) decrease in:					
Accounts receivable	216,260	2,508	-	(347,493)	(128,725)
(Decrease) increase in:					
Accounts payable	(7,193)	(38)	10,650	17,648	21,067
Accrued payroll	12,864	1,110	-	-	13,974
Compensated absences	50,933	2,341	-	-	53,274
Due from/to other funds	-	-	3,645	-	3,645
<i>Net cash provided (used) by operating activities</i>	<u>\$ 755,965</u>	<u>75,200</u>	<u>(60,008)</u>	<u>996</u>	<u>772,153</u>
Non Cash Transactions:					
Transfer of capital assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Joint Utility - Proprietary Fund
For the Year Ended June 30, 2016**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 35,802,811	36,077,114	31,834,453	(4,242,661)
<i>Total operating revenues</i>	<u>35,802,811</u>	<u>36,077,114</u>	<u>31,834,453</u>	<u>(4,242,661)</u>
<i>Operating expenses:</i>				
Personnel services	3,742,450	3,744,977	3,356,726	388,251
Contractual services	6,452,982	17,234,260	5,906,704	11,327,556
Supplies and equipment	8,648,979	18,688,172	5,405,237	13,282,935
Repairs and maintenance	1,662,111	1,619,887	1,367,460	252,427
Utilities	547,838	599,388	576,839	22,549
COGS (electricity)	12,050,540	11,692,323	11,346,354	345,969
Miscellaneous	2,629,186	3,283,290	2,996,905	286,385
Depreciation and amortization	-	-	(1)	1
<i>Total operating expenses</i>	<u>35,734,086</u>	<u>56,862,297</u>	<u>30,956,224</u>	<u>25,906,073</u>
<i>Operating income (loss)</i>	<u>68,725</u>	<u>(20,785,183)</u>	<u>878,229</u>	<u>21,663,412</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts and other taxes	3,253,000	3,463,825	3,463,818	(7)
Interest income	22,000	1,021,476	1,020,185	(1,291)
Principal payments	(2,150,265)	(2,391,955)	(2,391,955)	-
Interest expense	(291,085)	(302,515)	(302,512)	3
Miscellaneous	-	882,991	882,991	-
<i>Total non-operating revenues (expenses)</i>	<u>833,650</u>	<u>2,673,822</u>	<u>2,672,527</u>	<u>(1,295)</u>
Transfers in	3,590,630	8,675,550	8,675,547	(3)
Transfers out	(7,542,396)	(12,617,706)	(12,617,706)	-
State and federal capital grants	50,000	6,589,062	5,547,265	(1,041,797)
State and federal operating grants	-	-	-	-
<i>Total grants and net transfers</i>	<u>(3,901,766)</u>	<u>2,646,906</u>	<u>1,605,106</u>	<u>(1,041,800)</u>
<i>Change in net position</i>	(2,999,391)	(15,464,455)	5,155,862	20,620,317
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>99,758,687</u>	<u>99,758,687</u>
<i>Total net position, end of year</i>	<u>\$ (2,999,391)</u>	<u>(15,464,455)</u>	<u>104,914,549</u>	<u>120,379,004</u>
Change in net position (Budget Basis)			\$ 5,155,862	
To adjust applicable revenue accruals and deferrals			2,848,602	
To adjust applicable expenditure accruals			5,799,184	
Depreciation and other non-cash items			<u>(2,350,614)</u>	
Change in net position (GAAP basis)			<u>\$ 11,453,034</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Solid Waste (504) - Proprietary Fund
For the Year Ended June 30, 2016

	Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 3,052,470	3,052,470	2,962,183	(90,287)
<i>Total operating revenues</i>	<u>3,052,470</u>	<u>3,052,470</u>	<u>2,962,183</u>	<u>(90,287)</u>
<i>Operating expenses:</i>				
Personnel services	758,415	749,577	624,420	125,157
Contractual services	1,300,500	1,406,120	1,048,292	357,828
Supplies and equipment	707,000	1,222,557	1,110,557	112,000
Repairs and maintenance	189,995	187,359	143,937	43,422
Utilities	10,618	10,618	8,662	1,956
Miscellaneous	419,114	424,908	365,594	59,314
<i>Total operating expenses</i>	<u>3,385,642</u>	<u>4,001,139</u>	<u>3,301,462</u>	<u>699,677</u>
<i>Operating income (loss)</i>	<u>(333,172)</u>	<u>(948,669)</u>	<u>(339,279)</u>	<u>609,390</u>
<i>Non-operating revenues (expenses):</i>				
Gross receipts and other taxes	381,830	381,830	466,018	84,188
Interest income	8,000	117,132	117,127	(5)
Miscellaneous	23,180	25,078	1,562	(23,516)
<i>Total non-operating revenues (expenses)</i>	<u>413,010</u>	<u>524,040</u>	<u>584,707</u>	<u>60,667</u>
Transfers in	-	3,372	3,371	(1)
Transfers out	(175,500)	(175,500)	(175,500)	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
<i>Total grants and net transfers</i>	<u>(175,500)</u>	<u>(172,128)</u>	<u>(172,129)</u>	<u>(1)</u>
<i>Change in net position</i>	(95,662)	(596,757)	73,299	670,056
<i>Total net position, beginning of year</i>	-	-	5,639,192	5,639,192
<i>Total net position, end of year</i>	\$ <u>(95,662)</u>	<u>(596,757)</u>	<u>5,712,491</u>	<u>6,309,248</u>
Change in net position (Budget Basis)			\$ 73,299	
To adjust applicable revenue accruals and deferrals			16,077	
To adjust applicable expenditure accruals			823,526	
Depreciation and other non-cash items			<u>(541,508)</u>	
Change in net position (GAAP basis)			\$ <u>371,394</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Fitness Center (516) - Proprietary Fund
For the Year Ended June 30, 2016**

	Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 255,200	255,390	316,349	60,959
<i>Total operating revenues</i>	<u>255,200</u>	<u>255,390</u>	<u>316,349</u>	<u>60,959</u>
<i>Operating expenses:</i>				
Personnel services	138,971	137,949	126,957	10,992
Contractual services	35,800	23,980	12,670	11,310
Supplies and equipment	8,500	9,540	8,481	1,059
Repairs and maintenance	39,000	50,480	46,851	3,629
Utilities	36,600	36,600	34,383	2,217
Miscellaneous	17,500	16,800	8,791	8,009
<i>Total operating expenses</i>	<u>276,371</u>	<u>275,349</u>	<u>238,133</u>	<u>37,216</u>
<i>Operating income (loss)</i>	<u>(21,171)</u>	<u>(19,959)</u>	<u>78,216</u>	<u>98,175</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	324	324	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
<i>Total grants and net transfers</i>	<u>-</u>	<u>324</u>	<u>324</u>	<u>-</u>
<i>Change in net position</i>	(21,171)	(19,635)	78,540	98,175
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>452,577</u>	<u>452,577</u>
<i>Total net position, end of year</i>	\$ <u><u>(21,171)</u></u>	<u><u>(19,635)</u></u>	<u><u>531,117</u></u>	<u><u>550,752</u></u>
Change in net position (Budget Basis)			\$ 78,540	
To adjust applicable revenue accruals and deferrals			-	
To adjust applicable expenditure accruals			<u>(11,547)</u>	
Change in net position (GAAP basis)			\$ <u><u>66,993</u></u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Rodeo (590) - Proprietary Fund
For the Year Ended June 30, 2016**

	Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ -	160,563	160,563	-
<i>Total operating revenues</i>	-	160,563	160,563	-
<i>Operating expenses:</i>				
Contractual services	-	190,014	163,306	26,708
Miscellaneous	-	54,241	44,664	9,577
<i>Total operating expenses</i>	-	244,255	207,970	36,285
<i>Operating income (loss)</i>	-	(83,692)	(47,407)	36,285
<i>Non-operating revenues (expenses):</i>				
Gross receipts and other taxes	-	103,943	62,642	(41,301)
Miscellaneous	-	25,090	-	(25,090)
<i>Total non-operating revenues (expenses)</i>	-	129,033	62,642	(66,391)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
<i>Total grants and net transfers</i>	-	-	-	-
<i>Change in net position</i>	-	45,341	15,235	(30,106)
<i>Total net position, beginning of year</i>	-	-	(42,283)	(42,283)
<i>Total net position, end of year</i>	\$ -	45,341	(27,048)	(72,389)
Change in net position (Budget Basis)			\$ 15,235	
To adjust applicable revenue accruals and deferrals			8,781	
To adjust applicable expenditure accruals			(26,897)	
Change in net position (GAAP basis)			\$ (2,881)	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Gamerco (592) - Proprietary Fund
For the Year Ended June 30, 2016**

	Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 403,200	403,200	383,428	(19,772)
<i>Total operating revenues</i>	<u>403,200</u>	<u>403,200</u>	<u>383,428</u>	<u>(19,772)</u>
<i>Operating expenses:</i>				
Contractual services	403,200	403,200	333,309	69,891
<i>Total operating expenses</i>	<u>403,200</u>	<u>403,200</u>	<u>333,309</u>	<u>69,891</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>-</u>	<u>50,119</u>	<u>50,119</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
<i>Total grants and net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net position</i>	<u>-</u>	<u>-</u>	<u>50,119</u>	<u>50,119</u>
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>169,567</u>	<u>169,567</u>
<i>Total net position, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>219,686</u>	<u>219,686</u>
Change in net position (Budget Basis)			\$ 50,119	
To adjust applicable revenue accruals and deferrals			352,055	
To adjust applicable expenditure accruals			<u>(71,333)</u>	
Change in net position (GAAP basis)			<u>\$ 330,841</u>	

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Internal Service Fund (603)
For the Year Ended June 30, 2016**

	Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,000,000	2,162,860	2,162,844	(16)
<i>Total operating revenues</i>	<u>2,000,000</u>	<u>2,162,860</u>	<u>2,162,844</u>	<u>(16)</u>
<i>Operating expenses:</i>				
Personnel services	423,410	540,442	524,334	16,108
Contractual services	25,000	105,000	65,178	39,822
Supplies and equipment	85,000	169,694	150,678	19,016
Repairs and maintenance	2,000	352,000	2,014	349,986
Miscellaneous	1,627,400	1,372,188	1,303,320	68,868
<i>Total operating expenses</i>	<u>2,162,810</u>	<u>2,539,324</u>	<u>2,045,524</u>	<u>493,800</u>
<i>Operating income (loss)</i>	<u>(162,810)</u>	<u>(376,464)</u>	<u>117,320</u>	<u>493,784</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	2,500	67,770	67,764	(6)
Miscellaneous	-	1,310	(1,305)	(2,615)
<i>Total non-operating revenues (expenses)</i>	<u>2,500</u>	<u>69,080</u>	<u>66,459</u>	<u>(2,621)</u>
Transfers in	-	-	-	-
Transfers out	-	(54,449)	(54,444)	5
<i>Total grants and net transfers</i>	<u>-</u>	<u>(54,449)</u>	<u>(54,444)</u>	<u>5</u>
<i>Change in net position</i>	(160,310)	(361,833)	129,335	491,168
<i>Total net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>169,567</u>	<u>169,567</u>
<i>Total net position, end of year</i>	<u>\$ (160,310)</u>	<u>(361,833)</u>	<u>298,902</u>	<u>660,735</u>
Change in net position (Budget Basis)			\$ 129,335	
To adjust applicable revenue accruals and deferrals			(175,895)	
To adjust applicable expenditure accruals			<u>(89,040)</u>	
Change in net position (GAAP basis)			<u>\$ (135,600)</u>	

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

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
MUNICIPAL COURT				
704				
Assets				
Cash and cash equivalents	\$ 28,216	48,585	(64,483)	12,318
Total assets	<u>\$ 28,216</u>	<u>48,585</u>	<u>(64,483)</u>	<u>12,318</u>
Liabilities				
Deposits payable	\$ 28,216	48,585	(64,483)	12,318
Total liabilities	<u>\$ 28,216</u>	<u>48,585</u>	<u>(64,483)</u>	<u>12,318</u>
TRUST & AGENCY				
799				
Municipal Court				
Cash and cash equivalents	\$ 773,251	64,760	(7,774)	830,237
Total assets	<u>\$ 773,251</u>	<u>64,760</u>	<u>(7,774)</u>	<u>830,237</u>
Liabilities				
Deposits payable	\$ 773,251	64,760	(7,774)	830,237
Total liabilities	<u>\$ 773,251</u>	<u>64,760</u>	<u>(7,774)</u>	<u>830,237</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 801,467	113,345	(72,257)	842,555
Total assets	<u>\$ 801,467</u>	<u>48,585</u>	<u>(64,483)</u>	<u>842,555</u>
Liabilities				
Deposits payable	\$ 801,467	113,345	(72,257)	842,555
Total liabilities	<u>\$ 801,467</u>	<u>113,345</u>	<u>(72,257)</u>	<u>842,555</u>

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

REQUIRED SUPPLEMENTAL INFORMATION

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL GENERAL DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	2016	2015
The City's proportion of the net pension liability (asset) (%)	1.0499%	1.0439%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 10,704,640	8,143,540
The City's covered-employee payroll	\$ 9,194,497	14,695,211
The City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	116.42%	55.42%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

Notes to Required Supplementary Information:

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at <http://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/NM-PERA-Employer-Allocation-Report-FINAL-2015.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL POLICE DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	2016	2015
The City's proportion of the net pension liability (asset) (%)	1.5863%	1.5291%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 7,627,820	4,984,700
The City's covered-employee payroll	\$ 3,288,433	5,729,321
The City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231.96%	87.00%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

Notes to Required Supplementary Information:

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at <http://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/NM-PERA-Employer-Allocation-Report-FINAL-2015.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL FIRE DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

	2016	2015
The City's proportion of the net pension liability (asset) (%)	1.7953%	1.6470%
The City's proportionate share of the net pension liability (asset) (\$)	\$ 9,265,869	6,874,567
The City's covered-employee payroll	\$ 2,035,150	4,609,911
The City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	455.29%	149.13%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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Notes to Required Supplementary Information:

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**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS***

	2016	2015
Contractually required contribution	\$ 1,736,713	1,403,393
Contributions in relation to the contractually required contribution	1,736,713	1,403,393
Contribution deficiency (excess)	\$ -	-
The City's covered-employee payroll	\$ 9,194,497	14,695,211
Contributions as a percentage of covered-employee payroll	18.89%	9.55%

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Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS***

	2016	2015
Contractually required contribution	\$ 1,054,600	1,082,842
Contributions in relation to the contractually required contribution	1,054,600	1,082,842
Contribution deficiency (excess)	\$ -	-
The City's covered-employee payroll	\$ 3,288,433	5,729,321
Contributions as a percentage of covered-employee payroll	32.07%	18.90%

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Notes to Required Supplementary Information:

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at <http://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/NM-PERA-Employer-Allocation-Report-FINAL-2015.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OF GALLUP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS***

	2016	2015
Contractually required contribution	\$ 707,011	998,045
Contributions in relation to the contractually required contribution	707,011	998,045
Contribution deficiency (excess)	\$ -	-
The City's covered-employee payroll	\$ 2,035,150	4,609,911
Contributions as a percentage of covered-employee payroll	34.74%	21.65%

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Notes to Required Supplementary Information:

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Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>.

OTHER SUPPLEMENTAL INFORMATION (AUDITED)

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Special, Deficiency, Specific, and Capital Outlay Appropriations
As of June 30, 2016**

Description/Project	SHARE Fund #	Agreement Date	Reversion Date	Original Appropriation Award (\$)	Expenditures as of June 30, 2015	Current Year Expenditures	Remaining Balance as of June 30, 2016
12-1458 Vet Cemetery	89200	9/17/2012	6/30/2016	185,000	\$ 101,105	83,895	-
#LA13-1730 Vet. Pillar	89200	3/26/2014	6/30/2017	14,000	-	13,998	2
14-1955 Skate Park	89200	9/30/2014	6/30/2018	40,000	-	29,875	10,125
14-1956 Vet Pillar	89200	10/19/2015	6/30/2018	20,000	-	19,999	1
12-1143 Ford Canyon Parking Lot	89200	10/8/2015	6/30/2016	189,100	-	189,100	-
#LA13-1178 Senior Meals Equip	89200	11/18/2015	6/30/2016	42,600	-	36,735	5,865
#LA13-1177 Ford Canyon Imp	89200	12/9/2015	6/30/2017	78,500	-	78,500	-
#LA14-1168 Ford Canyon Renovate	89200	10/8/2015	6/30/2018	40,000	-	40,000	-
13-1144 NC Meals Equip	89200	11/30/2015	6/30/2016	4,850	-	4,819	31
14-1169 NC Equip	89200	11/18/2015	6/30/2018	13,410	-	-	13,410
14-1170 NC Imp.	89200	11/18/2015	6/30/2018	90,000	-	-	90,000
14-1171 NC Renovation	89200	11/18/2015	6/30/2018	35,000	-	-	35,000
14-1172 Vehicles	89200	11/18/2015	6/30/2018	160,000	-	-	160,000
14-1173 NC Meals Equip	89200	11/20/2015	6/30/2018	16,400	-	-	16,400
14-1954 Cemetery	89200	10/19/2015	6/30/2018	40,000	-	-	40,000
15-0806 Olivia Park	89200	2/23/2016	6/30/2019	60,000	-	-	60,000
15-0807 Olivia Park	89200	2/23/2016	6/30/2019	100,000	-	-	100,000
15-1134 Skate Park	89200	2/23/2016	6/30/2017	50,000	-	-	50,000
14-2077 Allison	89200	3/4/2015	6/30/2018	150,000	-	139,244	10,756
14-2078 College	89200	10/8/2014	6/30/2018	523,000	-	523,000	-
13-1858 College	89200	7/25/2014	6/30/2017	175,000	-	175,000	-
					\$ 101,105	1,334,165	591,590

See Independent Auditor's Report

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Cash, Investments, and Pledged Collateral
By Bank and Account
As of June 30, 2016

Account Name	Account Type	Wells Fargo Bank, NA	Wells Fargo Brokerage	Pinnacle Bank	New Mexico Finance Authority	NM Local Government Investment Pool	Petty cash	Reconciling Items	Book Balance
Cash and cash equivalents									
Operational	Checking*	\$ 41,581,387	-	-	-	-	-	(2,082,517)	39,498,870
Gallup Municipal Court	Checking*	17,200	-	-	-	-	-	(4,882)	12,318
Escrow - Rio Puerco Project	Checking*	210,043	-	-	-	-	-	-	210,043
Community Block Grant	Checking*	5	-	-	-	-	-	-	5
CI Funding	Checking*	-	-	9,075	-	-	-	-	9,075
Money Market Mutual Funds	Money Market*	-	14,276,808	-	-	-	-	-	14,276,808
Federal Home Loan Bank	Money Market*	-	3,320,000	-	-	-	-	-	3,320,000
Federal Farm Credit Bank	Money Market*	-	1,000,000	-	-	-	-	-	1,000,000
Wells Fargo Investments	Bonds	-	14,008,119	-	-	-	-	-	14,008,119
Freddie Mac Discount	Bonds	-	3,250,000	-	-	-	-	-	3,250,000
Fannie Mae	Bonds	-	6,732,000	-	-	-	-	-	6,732,000
New Mexico Government Bonds	Bonds	-	1,995,000	-	-	-	-	-	1,995,000
City of Gallup	Certificate of Deposit	-	-	2,011,295	-	-	-	-	2,011,295
NMFA	Reserves	-	-	-	8,779,330	-	-	-	8,779,330
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	-	292	-	-	292
Petty cash	Petty Cash	-	-	-	-	-	1,332	-	1,332
Subtotal cash and investments		<u>41,808,635</u>	<u>44,581,927</u>	<u>2,020,370</u>	<u>8,779,330</u>	<u>292</u>	<u>1,332</u>	<u>(2,087,399)</u>	<u>95,104,487</u>
Total amount of deposit in bank									
FDIC coverage		41,808,635	-	2,020,370	-	-	-	-	-
Total uninsured public funds		<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		2,019,915	-	885,185	-	-	-	-	-
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		<u>38,524,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		40,544,097	-	885,185	-	-	-	-	-
Pledged security at:									
Wells Fargo FNMA FNMS 3.00% - 3138AMDZ5 Due 10/1/2026		\$ 2,370,239	-	-	-	-	-	-	-
Wells Fargo FNMA FNMS 3.00% - 3138WHF80 Due 9/1/2046		136,833	-	-	-	-	-	-	-
Wells Fargo FHG-3 3.50% - 3128MJWB2 Due 5/1/2045		38,524,182	-	-	-	-	-	-	-
Pinnacle Bank FMMS KO44 A1 2.32% 3137BHCK3 Due 3/25/2024		-	-	4,531,317	-	-	-	-	-
Pinnacle Bank FMMS K709 A2 2.08% 3137AQVW5 Due 2/19/2019		-	-	3,072,660	-	-	-	-	-
Pinnacle Bank FNMA 03 80 3.25% 31393DP47 Due 6/25/2023		-	-	54,085	-	-	-	-	-
Total collateral		<u>41,031,254</u>	<u>-</u>	<u>7,658,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount over/(under) collateralized		<u>\$ 487,157</u>	<u>-</u>	<u>6,772,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total book balance		<u>\$ 39,721,236</u>	<u>44,581,927</u>	<u>46,602,297</u>	<u>8,779,330</u>	<u>292</u>	<u>1,332</u>	<u>-</u>	<u>-</u>

*denotes interest bearing account

See Independent Auditor's Report

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Fund Balances
As of June 30, 2016**

	General Fund	Non-Major Governmental Funds	Total
Fund Balances:			
Nonspendable:			
Inventory	\$ 140,586	-	140,586
Prepaid expenses	-	-	-
Subtotal nonspendable	<u>140,586</u>	<u>-</u>	<u>140,586</u>
Restricted for:			
Operation of the correction facilities	-	345,252	345,252
EMS training of personnel and admin expenses	-	1,529	1,529
Operation, maintenance, and betterment of local fire districts	-	644,846	644,846
Operation, maintenance, and betterment of police departments	-	10,183	10,183
Library books and non-admin purchases	-	80,907	80,907
Tourism	-	1,951,434	1,951,434
Road repairs, maintenance, and improvements	-	2,219,788	2,219,788
City-wide recreation facilities	-	800	800
Metro redevelopment and improvements	-	48,265	48,265
Operating/administering senior citizens facility	-	83,364	83,364
Navajo Gallup water supply pipeline project	-	-	-
Gallup Express Busing system	-	-	-
Building maintenance and upgrades	-	376,606	376,606
Housing rehabilitation and construction	-	24,375	24,375
Airport improvements	-	210,541	210,541
Construction of Eastside Fire Station, installation of field turf, and Northside Senior Center & Red Rock Park improvements	-	180,015	180,015
Capital construction projects funded by State of New Mexico			
Legislative Appropriations	-	340,635	340,635
Subtotal restricted	<u>-</u>	<u>6,518,540</u>	<u>6,518,540</u>
Committed to:			
City minimum fund balance	2,131,470	-	2,131,470
Debt service	-	813,608	813,608
Subtotal committed	<u>2,131,470</u>	<u>813,608</u>	<u>2,945,078</u>
Assigned to:			
None	-	-	-
Subtotal assigned	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned:			
	9,141,156	-	9,141,156
Total fund balances	<u>\$ 11,413,212</u>	<u>7,332,148</u>	<u>18,745,360</u>

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Joint Powers Agreements and Memorandums of Understanding
For the Year Ended June 30, 2016**

Joint Powers Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed by City during current FY	Audit Responsibility
1 Navajo-Gallup Water Supply Project	McKinley County City of Gallup	City	Provide water to City and surrounding areas	8/1/2012 35 yr term	City commitment is approximately \$85,000,000	\$730,692	Bureau of Reclamation
2 Wildland Fire Protection and Suppression	Energy, Minerals and Natural Resources Department, Forestry Division City of Gallup	Both	Wildland fire protection and suppression	3/2008 until terminated	Undetermined	-	City
3 Operation of a Jail Facility	City of Gallup McKinley County	McKinley County	Operation of a jail facility	9/2003, amended 6/2005 until terminated	City pays 30% of cost of operating facility, calculated after tax receipts and housing revenues are applied	\$995,501 Housing and tax receipts cover City portion	McKinley County
4 Liquor Excise Tax	City of Gallup McKinley County	McKinley County	Liquor Excise tax usage	10/2006 until terminated	None	None	McKinley County
5 Metro-Dispatch Center	City of Gallup McKinley County	McKinley County	Operation of a joint Metro-dispatch center	12/2003 until terminated	Paid by emergency tax revenue. Any shortfall will be paid 50% by each.	None	McKinley County
6 Aquatics Center Swimming Facility	City of Gallup Gallup McKinley County School District No.1	City	Operation of a swimming facility	4/2004 until terminated	City pays all operating costs	-	City
7 Athletics and Recreational Facilities	City of Gallup Gallup McKinley County School District No.1	City	Use of City owned recreational facilities by the GMCS	6/2012 until terminated	City pays all operating costs	-	City
8 Animal Control Operation	City of Gallup Gallup McKinley	City	Joint funding of operation of animal control services	7/1/16 until terminated	City pays 60% county pays 40%	-	City

See Independent Auditor's Report

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
Financial Data Schedule - Balance Sheet
As of June 30, 2016

Line Item Number	Description	14.249 Section 8 Moderate						
		Project Total	14.871 Housing Choice Vouchers	Rehabilitation Single Room Occupancy	2 State/ Local	Subtotal	ELIM	Total
111	Cash - Unrestricted	\$ 179,415	135,513	16,623	-	331,551	-	331,551
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	53,772	-	-	-	53,772	-	53,772
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100	Total Cash	233,187	135,513	16,623	-	385,323	-	385,323
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	5,384	7,179	-	-	12,563	-	12,563
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	6,294	-	-	-	6,294	-	6,294
126.1	Allowance for Doubtful Accounts - Tenants	(964)	-	-	-	(964)	-	(964)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128	Fraud Recovery	105,000	1,538	-	-	106,538	-	106,538
128.1	Allowance for Doubtful Accounts - Fraud	(55,000)	-	-	-	(55,000)	-	(55,000)
129	Accrued Interest Receivable	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	60,714	8,717	-	-	69,431	-	69,431
131	Investments - Unrestricted	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	34,591	347	-	-	34,938	-	34,938
143	Inventories	80,114	-	-	-	80,114	-	80,114
143.1	Allowance for Obsolete Inventories	(16,033)	-	-	-	(16,033)	-	(16,033)
144	Inter Program Due From	98,643	-	1,001	-	99,644	(99,644)	-
145	Assets Held for Sale	-	-	-	-	-	-	-
150	Total Current Assets	491,216	144,577	17,624	-	653,417	(99,644)	553,773
161	Land	1,593,833	-	-	-	1,593,833	-	1,593,833
162	Buildings	13,644,350	-	-	-	13,644,350	-	13,644,350
163	Furniture, Equipment & Machinery - Dwellings	56,660	-	-	-	56,660	-	56,660
164	Furniture, Equipment & Machinery - Administration	432,804	14,802	-	-	447,606	-	447,606
165	Leasehold Improvements	-	-	-	-	-	-	-
166	Accumulated Depreciation	(7,649,997)	(14,802)	-	-	(7,664,799)	-	(7,664,799)
167	Construction in Progress	596	-	-	-	596	-	596
168	Infrastructure	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	8,078,246	-	-	-	8,078,246	-	8,078,246
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-
180	Total Non-Current Assets	8,078,246	-	-	-	8,078,246	-	8,078,246
200	Deferred Outflow of Resources	87,983	884	-	-	88,867	-	88,867
290	Total Assets and Deferred Outflow of Resources	\$ 8,657,445	145,461	17,624	-	8,820,530	(99,644)	8,720,886
311	Bank Overdraft	\$ -	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	11,112	81	-	-	11,193	-	11,193
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	17,893	2,820	-	-	20,713	-	20,713
322	Accrued Compensated Absences - Current Portion	13,429	153	-	-	13,582	-	13,582
324	Accrued Contingency Liability	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	1,721	-	1,721	-	1,721
332	Account Payable - PHA Projects	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	18,663	18,663	-	18,663
341	Tenant Security Deposits	53,772	-	-	-	53,772	-	53,772
342	Unearned Revenue	10,354	529	-	-	10,883	-	10,883
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	1,531	-	-	-	1,531	-	1,531
347	Inter Program - Due To	1,001	70,643	-	28,000	99,644	(99,644)	-
348	Loan Liability - Current	-	-	-	-	-	-	-
310	Total Current Liabilities	109,092	74,226	1,721	46,663	231,702	(99,644)	132,058
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	10,988	126	-	-	11,114	-	11,114
355	Loan Liability - Non Current	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	506,828	5,004	-	-	511,832	-	511,832
350	Total Non-Current Liabilities	517,816	5,130	-	-	522,946	-	522,946
300	Total Liabilities	626,908	79,356	1,721	46,663	754,648	(99,644)	655,004
400	Deferred Inflow of Resources	12,891	264	-	-	13,155	-	13,155
508.4	Net Investment in Capital Assets	8,078,246	-	-	-	8,078,246	-	8,078,246
511.4	Restricted Net Position	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	(60,600)	65,841	15,903	(46,663)	(25,519)	-	(25,519)
513	Total Equity - Net Assets / Position	8,017,646	65,841	15,903	(46,663)	8,052,727	-	8,052,727
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 8,657,445	145,461	17,624	-	8,820,530	(99,644)	8,720,886

See Independent Auditor's Report

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
Financial Data Schedule - Statement of Revenues and Expenditures
As of June 30, 2016

Line Item Number	Description	14.249 Section 8				Subtotal	ELIM	Total
		Project Total	14.871 Housing Choice Vouchers	Moderate Rehabilitation Single Room Occupancy	2 State/Local			
70300	Net Tenant Rental Revenue	\$ 700,528	-	-	-	700,528	-	700,528
70400	Tenant Revenue - Other	28,307	-	-	-	28,307	-	28,307
70500	Total Tenant Revenue	728,835	-	-	-	728,835	-	728,835
70600	HUD PHA Operating Grants	872,495	176,205	25,468	-	1,074,168	-	1,074,168
70610	Capital Grants	256,315	-	-	-	256,315	-	256,315
70710	Management Fee	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	17	14	-	-	31	-	31
71200	Mortgage Interest Income	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-
71400	Fraud Recovery	24,722	2,088	-	-	26,810	-	26,810
71500	Other Revenue	23,340	16,064	-	-	39,404	-	39,404
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-
70000	Total Revenue	1,905,724	194,371	25,468	-	2,125,563	-	2,125,563
91100	Administrative Salaries	236,334	8,580	1,854	-	246,768	-	246,768
91200	Auditing Fees	20,170	-	-	-	20,170	-	20,170
91300	Management Fee	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-
91400	Advertising and Marketing	6,516	7	1	-	6,524	-	6,524
91500	Employee Benefit contributions - Administrative	70,471	1,562	236	-	72,269	-	72,269
91600	Office Expenses	53,886	195	146	-	54,227	-	54,227
91700	Legal Expense	1,099	22	-	-	1,121	-	1,121
91800	Travel	1,273	-	-	-	1,273	-	1,273
91810	Allocated Overhead	-	-	-	-	-	-	-
91900	Other	88,028	764	63	-	88,855	-	88,855
91000	Total Operating - Administrative	477,777	11,130	2,300	-	491,207	-	491,207
92000	Asset Management Fee	-	-	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-
92400	Tenant Services - Other	17,956	-	-	-	17,956	-	17,956
92500	Total Tenant Services	17,956	-	-	-	17,956	-	17,956
93100	Water	80,750	-	-	-	80,750	-	80,750
93200	Electricity	86,102	-	-	-	86,102	-	86,102
93300	Gas	64,396	-	-	-	64,396	-	64,396
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	40,383	-	-	-	40,383	-	40,383
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800	Other Utilities Expense	16,869	-	-	-	16,869	-	16,869
93000	Total Utilities	288,500	-	-	-	288,500	-	288,500
94100	Ordinary Maintenance and Operations - Labor	278,020	1,413	-	-	279,433	-	279,433
94200	Ordinary Maintenance and Operations - Materials and Other	163,322	-	-	-	163,322	-	163,322
94300	Ordinary Maintenance and Operations Contracts	155,812	-	-	-	155,812	-	155,812
94500	Employee Benefit Contributions - Ordinary Maintenance	82,727	108	-	-	82,835	-	82,835
94000	Total Maintenance	679,881	1,521	-	-	681,402	-	681,402
95100	Protective Services - Labor	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-	-	-
96110	Property Insurance	46,447	-	-	-	46,447	-	46,447
96120	Liability Insurance	22,786	895	-	-	23,681	-	23,681
96130	Workmen's Compensation	12,448	-	-	-	12,448	-	12,448
96140	All Other Insurance	4,648	174	-	-	4,822	-	4,822
96100	Total Insurance Premiums	86,329	1,069	-	-	87,398	-	87,398
96200	Other General Expenses	-	-	-	-	-	-	-
96210	Compensated Absences	33,025	761	-	-	33,786	-	33,786
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400	Bad debt - Tenant Rents	18,944	-	-	-	18,944	-	18,944
96500	Bad debt - Mortgages	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-
96000	Total Other General Expenses	51,969	761	-	-	52,730	-	52,730
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	194	4	-	-	198	-	198
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	194	4	-	-	198	-	198
96900	Total Operating Expenses	1,602,606	14,485	2,300	-	1,619,391	-	1,619,391
97000	Excess of Operating Revenue over Operating Expenses	303,118	179,886	23,168	-	506,172	-	506,172

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
Financial Data Schedule - Statement of Revenues and Expenditures
As of June 30, 2016

97100	Extraordinary Maintenance	-	-	-	-	-	-	-
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	167,724	18,446	-	186,170	-	186,170
97350	HAP Portability-In	-	14,276	-	-	14,276	-	14,276
97400	Depreciation Expense	304,953	-	-	-	304,953	-	304,953
97500	Fraud Losses	-	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000	Total Expenses	<u>1,907,559</u>	<u>196,485</u>	<u>20,746</u>	<u>-</u>	<u>2,124,790</u>	<u>-</u>	<u>2,124,790</u>
10010	Operating Transfer In	158,885	-	-	-	158,885	(158,885)	-
10020	Operating Transfer Out	(158,885)	-	-	-	(158,885)	158,885	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Excess (Deficiency) of Total Revenue Over (Under)							
10000	Total Expenses	(1,835)	(2,114)	4,722	-	773	-	773
11020	Required Annual Debt Principal Payments	\$ -	-	-	-	-	-	-
11030	Beginning Equity	8,491,815	72,544	11,181	-	8,575,540	-	8,575,540
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(472,334)	(4,589)	-	(46,663)	(523,586)	-	(523,586)
11050	Changes in Compensated Absence Balance	-	-	-	-	-	-	-
11060	Changes in Contingent Liability Balance	-	-	-	-	-	-	-
11070	Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-
11080	Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-
11100	Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	65,841	-	-	65,841	-	65,841
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-
11190	Unit Months Available	<u>3,138</u>	<u>446</u>	<u>96</u>	<u>-</u>	<u>3,680</u>	<u>-</u>	<u>3,680</u>
11210	Number of Unit Months Leased	<u>2,918</u>	<u>446</u>	<u>93</u>	<u>-</u>	<u>3,457</u>	<u>-</u>	<u>3,457</u>
11270	Excess Cash	\$ <u>150,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,444</u>	<u>-</u>	<u>150,444</u>
11610	Land Purchases	-	-	-	-	-	-	-
11620	Building Purchases	\$ <u>256,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,315</u>	<u>-</u>	<u>256,315</u>
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Program Title	CFDA Number	Project/ Pass-Through Number	Federal Expenditures
City of Gallup			
U.S. Department of Health and Human Services			
Passed through State of New Mexico Agency on Aging			
Aging Cluster:			
Title III B	93.044	2016-16-60013	\$ 29,294
Title III C1	93.045	2016-16-60013	57,322
Title III C2	93.045	2016-16-60013	23,466
Nutrition Services Incentive Program	93.053	2016-16-60013	59,955
Total Aging Cluster			<u>161,037</u>
Total U.S. Department of Health and Human Services			161,037
U.S. Department of Transportation			
Passed through New Mexico Department of Transportation			
Operation DWI	20.608	16-AL-64-037	49,150
NMDOT TAPF	20.205	D15001 CN610082	41,842
DOT Federal Aviation	20.106	3-35-00019-023-2012	214,881
Total U.S. Department of Transportation			305,873
U.S. Department of the Interior			
Passed through NM Bureau of Land Management			
BOR Smart Meter/Toilet Replacement Program			
Navajo-Gallup Water Supply Project	15.530	R15AP00070/ R14AS400003	34,141
	*	11-WC-40-435 #49	657,306
Total U.S. Department of the Interior			691,447
U.S. Department of Justice			
Passed through the Office of the Justice Assistance			
Bureau of Justice Assistance			
FY13 Local JAG Program	16.738	2013-DJ-BX-0939	5,194
FY14 Local JAG Program	16.738	2014-DJ-BX-1207	27,769
FY15 Local JAG Program	16.738	2015-DJ-BX-0643	16,848
Total U.S. Department of Justice			49,811
National Endowment for the Humanities			
Passed through the American Library Association			
Latino Americans	45.164	LA GRNT Phase2-242	3,000
Total National Endowment for the Humanities			3,000
Total Federal Financial Assistance - City of Gallup			\$ 1,211,168
Gallup Housing Authority (Component Unit)			
U.S. Department of Housing and Urban Development			
Housing Choice Voucher Program			
	14.871	N/A	\$ 176,205
Low Rent Public Housing Program	14.850	N/A	707,110
Public Housing Capital Fund Program	14.872	N/A	421,700
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	N/A	25,468
Total Direct from U.S. Housing and Urban Development			\$ 1,330,483
Total Federal Financial Assistance - Gallup Housing Authority			
Total Federal Financial Assistance			\$ 2,541,651

* = Denotes major program

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

City of Gallup

Federal grant revenue per fund financials	\$ 1,212,330
Federal expenditures per SEFA	<u>1,211,168</u>
Difference - due to not all grants are reimbursement based	<u>\$ 1,162</u>

Gallup Housing Authority (Component Unit)

Federal grant revenue per fund financials	\$ 1,345,508
Federal expenditures per SEFA	<u>1,330,483</u>
Difference - due to not all grants are reimbursement based	<u>\$ 15,025</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant expenditure activity for the financial statements of the organization. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2016.

Note 3 - Subrecipients

The organization provided no federal awards presented above to sub-recipients during the year.

Note 4 - Federal Insurance

The organization is re-deemed an employee of the Federal Government for the purposes of malpractice liability protection under the Federal Tort Claims Act (FTCA) during the budget period, for the period this audit report covers.

Note 5 - Indirect Cost Rate

The organization did not use the 10 percent de minimis indirect cost rate.

OTHER SUPPLEMENTAL INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)
As of June 30, 2016**

Prepared by: Frances Rodriguez, CPPB, Purchasing Director
Date: November 22, 2016

#	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor(s)	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1	2013/2014/ 06/P	RFP	DePauli Engineering Bohannon-Huston Inc CDM Smith Molzen-Corbin & Assoc Wilson & Company	Open	N/A	DePauli Engineering 307 S. 4th Street, Gallup NM 87301 Bohannon-Huston Inc. 7500 Jefferson Str NE Alb NM 87109 CDM Smith 6000 Uptown Blvd NE Alb NM 87110 Wilson & Company PO Box 94000 Alb NM 87199 Molzen-Corbin & Assoc 2701 Miles Rd NE Alb NM 87106 Souder, Miller & Assoc 3451 Candelaria NE Alb NM 87112 Chavez-Grievies 4700 Lincoln NE #102 Alb NM 87109	All - Yes	All - No	4 yr. contract for Engineering Services (Open end) on an as needed basis. Costs are controlled by the RFP hourly rates submitted
2	1217	Formal Bid	Alpha Southwest Rodgers & Company All American Tech Team	Open	N/A	Alpha Southwest P.O. box 9263 Alb NM 87119 Rodgers & Company 2615 Isleta Blvd SW Alb NM 87105 All American Tech Team 3515 B La Plata Hwy Farmington NM 87401	All - Yes	All - No	4 yr. contract to Provide Maint/Water Well Repairs on an as needed basis. Costs are controlled by the rates submitted per type of service
3	2013/2014/ 02/P	RFP	Tri-State Generation	Open	N/A	Tri-State Generation 1539 Burro Lane, Santa Fe NM 87507 PNM 414 Silver Ave SW 1115 Alb NM 87102 Tucson Electric 88 E. Broadway Blvd Tucson AZ 85701 Twin Eagle Resource 1900 16th Str Ste 450 Denver CO 80202 All American Steel P.O. Box 5089 Gallup NM 87305	Tri-State-No PNM-Yes Tucson-No Twin Eagle-No All American-N/A	All - No	8 yr Contract for Long Term Wholesale Power Supply (Utilities). Costs are per the rate submitted in RFP proposal
4	2014/2015/ 02/P	RFP	Community ByDesign	74,850	N/A	Community ByDesign 1539 Burro Lane, Santa Fe NM 87507 Sites Southwest 121 Tijeras Ave NE #3100 Alb NM 87102 UpSpring Associates 1803 Otowi Rd Santa Fe 87505	All - No	All - No	MRA & ACD Master Plans
5	2013/2014/ 04/P	RFP	Blackstone Security Svcs	Open	N/A	Blackstone Security Services 2400 W.Dunlap Ste 225 Phoenix AZ 85021 Red Rock Security & Patrol 404 Valentina Dr Gallup NM 87301 Thomas Protective Services P.O. Box 1246 Thoreau NM 87323 Securitas Security Service 4100 Osuna Rd NE Alb NM 87109	Blackstone-No Red Rock-Yes Thomas-No Securitas-N/A	All - No	Security Guard Services
6	2015/2016/ 10/P	RFP	Greater Gallup Economic	230,000	N/A	PO Box 1795 Gallup NM 87305	No	No	Economic Develop Svcs
7	1423	Formal Bid	Rico Auto Complex	72,402	N/A	Rico Auto Complex 220 S. 5th Str Gallup NM 87301 Budget Rent-a-Car 2111 W. Hwy 66 Gallup NM 87301 EAN Holdings, LL 4740 Pan American Frwy Alb NM 87109 Gurley Motor Company 701 W. Coal Gallup NM 87301	All - No	All - No	Lease narcotic cars for PD
8	2014/2015/ 03/p	RFP	Advocate Law Center	Open	N/A	821 Ford Drive Gallup NM 87301	No	No	4 yr contract for Public Defender Service as needed. Costs are based on hourly and flat rate submitted in RFP.
9	Emergency	Emergency	Na'Nizhoozhi Center	404,850	N/A	Na'Nizhoozhi Center 506 Frances St Gallup NM 87301 MorningStar Healthcare Services 222 Coal Str Gallup NM 87301 Native American Behavioral Svcs 511 Nizhoni Blvd Gallup NM 87301 Care 66 P.O. Box 4298 Gallup NM 87305	All - No	All - No	Admin & Operations of Detox Center

See Independent Auditor's Report

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)
As of June 30, 2016

Prepared by: Frances Rodriguez, CPPB, Purchasing Director
Date: November 22, 2016

#	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor(s)	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
10	1513	Formal Bid	Amigo Chevrolet	111,963	N/A	Amigo Chevrolet 1900 S. 2nd Str Gallup NM 87301 Tate's Auto Center 1001 Navajo Blvd Holbrook AZ 86025 Rich Ford Sales 8601 Lomas Blvd NE Alb NM 87112	All - No	All - No	Purchase of Police SUV's
11	2012/2013/ 08/P	RFP	Armstrong Consultants	Open	N/A	Armstrong Consultants 861 Rood Ave Grand Junction CO 81501 Airport Development Group 1776 S. Jackson St #950 Denver CO 80210 Molzen-Corbin 2701 Miles Rd SE Alb NM 87106 Delta Airport Consultants 9711 Farrar Crt, #100 Richmond VA 23236	All - No	All - No	4 yr contract for Airport Engineering Services (Open end) on an as needed basis. Costs are controlled by the RFP hourly rates submitted
12	2015/2016/ 03/P	RFP	Clint Balok	99,000	N/A	P.O. Box 4414 Gallup NM 87305	No	No	Veterinarian Services
13	1601	Formal Bid	Mid West Flow Control	101,700	N/A	Mid West Flow Control 15167 W. 119th Olathe KC 66062 New Mexico Meters 1823 Commercial St NE Alb NM 87102 HD Supply Waterworks 6135 2nd St NW Alb NM 87107 Fastenal 1401 W Hwy 66 Milan NM 87021 ESSCO Pipe & Supply 2600 W. Main Farmington NM 87401 Albuquerque Windustrial 6815 Washington NE Alb NM 87109 Muttonsens LLC 600 W. Maloney Gallup NM 87301 Keenan Supply 2001 Claremont Ave NE Alb NM 87107 Odessa Pumps & Equip 940 Hwy 516 Flora Vista NM 87415 Century Club Construction 8201 Golf Course Rd NW Alb NM 87107 Ferguson Waterworks 801 Candelaria Rd NE Alb NM 87107	Mid West-Yes NM Meters-No HD Supply-No Fastenal-No ESSCO-No Alb Windustrial-No Muttonsens-No Keenans-No Odessa-No Century Club-Yes Ferguson-No	Mid West-No NM Meters-No HD Supply-No Fastenal-No ESSCO-No Alb Windustrial-No Muttonsens-No Keenans-No Odessa-No Century Club-Yes Ferguson-No	Gate Valves w/Accessories
14	1606	Formal Bid	Amigo Chevrolet Rico Auto Complex	76,614 108,017	N/A N/A	Amigo Chevrolet 1900 S. 2nd Str Gallup NM 87301 Rico Auto Complex 220 S. 5th St Gallup NM 87301 Tate's Auto Center 1001 Navajo Blvd Holbrook AZ 86025 Tate's Auto Center 1151 Automall Dr Showlow AZ 85901 Tate's Auto Center 1200 W. Jefferson Gallup NM 87301	Amigo-No Rico-No Tates (Gallup)-Yes Tates (Holbrook)-No Tates (Sholow)-No	All - No	Purchase of Fleet Vehicles
15	1520	Formal Bid	Mid-America Golf & Lndsep	2,980,381	387,063	Mid-America Golf & Landscape 1621 SE Summit Lees Summit MO 68081 Murphy Builders 808 S. Boardman Gallup NM 87301 RMCI Inc 6211 Chappell Rd NE Alb NM 87113 Duininck Inc P.O. Box 208 Prinsburg MN 56281 Smithco Construction 6 King Canyon Loop Caballo NM 87931	Mid America-No Murphy-Yes RMCI-Yes Duininck-No Smithco-Yes	All - No	Fox Run Golf Course Irrigation Project
16	1605	Formal Bid	Albuquerque Asphalt	260,725	N/A	Albuquerque Asphalt 118 Llano Del Sur Alb NM 87105 H.O. Construction 202 94th St SW Alb NM 87121	Alb Asphalt-Yes H.O. Constr-Yes	All - No	FC Senior Center Improvements
17	1602	Formal Bid	Century Club Construction	549,269	N/A	Century Club Construction 8201 Golf Course Rd D3-295 Alb NM 87107 Star Paving 3109 Love Rd SW Alb NM 87121 H.O. Construction P.O.Box 9468 Alb NM 87119	Century-Yes Star Paving-Yes H.O. Constr-Yes	All - No	NM 118 Pedestrian Safety

See Independent Auditor's Report

COMPLIANCE SECTION

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

Tim Keller
New Mexico State Auditor
To the City Manager and City Councilors
The 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 comparison of the general fund, of the City of Gallup (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City presented as supplemental information of and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2016-001 and 2016-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies: 2016-003 and HA2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing*

Standards and which are described in the accompanying schedule of findings and questioned costs as item HA2016-001.

The City's Response to the Findings

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

Purpose of This Report

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



Hinkle + Landers, P.C.
Albuquerque, NM 87102
November 22, 2016



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

Mr. Tim Keller
New Mexico State Auditor
To the City Manager and City Councilors
City of Gallup
Gallup, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Gallup and the Gallup Housing Authority (collectively referred to as the “City” herein) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2016. The City’s major federal programs are identified in the summary of auditor’s 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item HA2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The City’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-004 that we consider to be a material weakness.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Hinkle + Landers, P.C.
Albuquerque, NM
November 22, 2016

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? | Yes |

4. Identification of major programs:

CFDA Numbers Funding Source	Name of Federal Programs	Funding Source
14.850	Low Rent Public Housing Program	U.S. Dept. of Housing and Urban Development
15.552	Navajo-Gallup Water Supply Project	U.S. Dept. of the Interior

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

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

<u>Finding</u>		<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
Prior Year Findings			
2012-005 [12-05]	ENTITY-WIDE CONTROL DEFICIENCY	Resolved	A
2013-001	UNTIMELY SUBMISSION OF PERA/RHC REPORTS	Resolved	C
2015-001	ENTITY-WIDE CONTROL DEFICIENCY - LACK OF WRITTEN POLICIES AND PROCEDURES	Resolved	A
HA2012-002 [12-02]	INTERNAL CONTROL/SEGREGATION OF DUTIES	Resolved	A
HA2012-009 [12-09]	CASH DEPOSITS NOT MADE TIMELY	Resolved	G
HA2013-001 [13-01]	LACK OF PROPER DOCUMENTATION IN TENANT FILES	Resolved	E, F
HA2014-001	TRAVEL AND PER DIEM	Resolved	G
Current Year Findings			
2016-001	SAS 115 MATERIAL ADJUSTMENTS BY AUDITOR	Current	A
2016-002	UTILITY DEPOSIT ACCOUNTS OUTDATED	Current	A
2016-003	GOLF COURSE PRO-SHOP INVENTORY NOT RECONCILED	Current	B
2016-004	MATERIAL CORRECTIONS TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DURING AUDIT PROCESS	Current	D
HA2016-001	VACATED TENANT'S FILES LACKING REQUIRED DOCUMENTATION	Current	F
HA2016-002	INCORRECT PERA CONTRIBUTION REIMBURSEMENTS TO EMPLOYEES, NET PENSION LIABILITY CALCULATIONS, AND PERA EXPENSE ACCOUNT CODING	Current	B

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance

PRIOR YEAR FINDINGS

None

CURRENT YEAR FINDINGS – CITY OF GALLUP

2016-001 – SAS 115 MATERIAL ADJUSTMENTS BY AUDITOR

Type of Finding: A

Statement of Condition

Statement of Auditing Standards (SAS) 115 effectively states that an auditor cannot serve as a part of the internal controls of the client. While conducting the audit of the City of Gallup, the auditor made several adjustments to the City's books, that SAS 115 requires to be reported as a finding. The adjustments consisted of the following:

- Remove recorded capital assets (WIP) from Governmental Activity Funds, at the fund level – \$487,063
- Restatement to adjust accumulated depreciation for business-type funds – \$381,765
- Adjust utility accounts receivable to actual – \$938,369
- Adjust inventory list to actual – \$23,019
- Adjust accrued payroll liabilities to actual – \$629,786
- Record additional tax receivables – \$249,249
- Remove incorrect utility receivable and revenue – \$9,654

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

- Record additional AR and revenues – \$186,547
- Record additional AP and expenses – \$158,899
- Record compensated absences in business-type Funds – \$455,726
- Adjust utility deposits liabilities and related restricted cash to actual – \$720,816
- Transfer debt principal payments to the fund that hold the debt liability – \$155,028
- Record current year debt activity for business-type funds – \$2,391,955
- Record accrued interest related to debt – \$55,802
- Restatement to adjust restricted cash to actual – \$1,040,321
- Record landfill post-closure liability adjustment – \$42,165
- Record additional grant revenue and receivable – \$37,102
- Restatement to remove revenue related to grant reimbursements collected in FY16 that were for FY15 expenses - \$256,935

Criteria

Some of the key underlying concepts of Statement of Auditing Standards (SAS) 115 are

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

Effect

Because these adjustments were made/identified by the auditor, and not by the City, it shows an internal control weakness in maintaining the general ledger at the modified accrual level and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The City's personnel and internal control procedures were not effective in identifying and correcting necessary balances in the general ledger that would have resulted in material misstatement of the financial statements had they not been identified/corrected by the auditor.

Recommendation

We recommend that the City make adjustments to their general ledger in a timely manner. Additionally, we recommend that the City create a year-end checklist in order to make sure all adjustments required are entered into their system. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the City initiates/makes the adjustment and understands how and why the adjustments were made. We recommend that at year end and in the months directly after year end, the City identify and provide support for those accruals and deferrals necessary to take the books into the modified-accrual basis. This information should be provided to the auditors during the annual audit for further testing.

Management Response

The CFO will work closely with their staff to fully update the fixed assets and WIP to reflect proper accounting in the government wide funds as well as the business type funds. The CFO will be fully utilizing their staff and other resources to fully analyze and reconcile all general ledger accounts prior to submitting the City's final balances for audit. This will include a checklist and reconciliation worksheets to ensure a thorough process is followed.

Finding Resolution Timeline: Ongoing, and will finalize each year prior to submitting to audit team in early September.

Designated Employee Position: Chief Financial Officer

STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

2016-002 – UTILITY DEPOSIT ACCOUNTS OUTDATED

Type of Finding: A

Statement of Condition

During review of the Utility Deposits held in multiple GL accounts at the City, it was noted that these accounts held balances of deposits beyond the 24-month period. After discussion with Management, it was determined that Management needed to go through the Utility Deposit Accounts and verify the customer deposits, in order to determine if they needed to be returned to the customer. In addition, there were residual balances in other Utility Deposit GL accounts that needed to be reconciled to the customers' accounts and either transferred to the City's new Utility Deposit accounts for holding, or returned to the customers.

Criteria

Per the City of Gallup's policy; after 24 months of consecutive on-time payments, deposits collected for Water and Electric will be refunded to the customer, or applied to the customer's account.

Effect

The Utility Deposit Accounts could be materially overstated, and funds could be due to many customers.

Cause

The City has gone through changes in recent years and had not yet been able to review and verify the long-outstanding utility deposits.

Recommendation

We recommend Management review all of the customer accounts who have deposits over 24 months, in order to determine if these balances are valid or are due back to the customers.

Management Response

The new customer care manager and staff will review all of the customer accounts with held deposits beyond the 24 months set in City policy. All held deposits will be returned to the customer or applied to existing customer accounts. Moving forward, our Navaline system will automatically credit back deposits to customers in good standing after 24 months. The customer care manager will also review all held deposits on a monthly basis.

Finding Resolution Timeline: March 2017

Designated Employee Position: Customer Care Manager

2016-003 – GOLF COURSE PRO-SHOP INVENTORY NOT RECONCILED

Type of Finding: B

Statement of Condition

During the audit, the City was unable to provide an inventory list for the City's Golf Course Pro-Shop inventory that tied to the GL account, with a balance of \$32,494. After discussion with Management, it was noted that the Golf Course had closed prior to year end, for construction, and no one has been able to complete an inventory.

Criteria

All balances in the City's trial balance should have the proper support to back-up their balances.

Effect

The inventory in the GL for the Golf Course Pro-Shop could be misstated.

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Cause

The Golf Course was closed prior to fiscal year end for construction, and an inventory was not taken prior to the closure or since then.

Recommendation

We recommend the City conduct an inventory as soon as possible, to ensure an accurate recording of inventory in the City's GL.

Management Response

The Golf Course Manager will update and verify the inventory on hand. Moving forward, the staff will manage the inventory in the shop and provide accurate inventory list to finance on an annual basis

Finding Resolution Timeline: January 2017

Designated Employee Position: Golf Course Manager

2016-004 – MATERIAL CORRECTIONS TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DURING AUDIT PROCESS

Type of Finding: D

Funding Agency: All

Title: All

CFDA: All

Award#: All

Award Period: All

Estimated Questioned Costs: N/A

Statement of Condition

During the audit, it was discovered that the Schedule of Expenditures of Federal Awards (SEFA), provided by the City was not accurate. After further review, it was determined that there were funds on the SEFA that should not be included, and that material expenses related to federal awards were not included.

Criteria

The SEFA should be correct when provided to the auditors, as it affects the determination of major programs required to be audited and to be properly presented in the supplemental information section of the audited financial statements.

Effect

The auditor could have not sufficiently audited the City's federal awards, due to the size of the misstatement of the SEFA when it was provided to the auditors.

Cause

There were expenses that were reclassified to capital outlay in order to be capitalized. A program that was determined to not be a federal grant, was included. Finally, a program consisted of two projects, and only one was entered into the SEFA.

Recommendation

We recommend the City thoroughly review the Schedule of Expenditures of Federal Awards before providing it to the auditors. We recommend all programs are reviewed for multiple project codes and any reclassifications related to capital outlay. Additionally, we recommend that the City seek advice from the auditor, if it is not clear whether a federal award should be included on their SEFA, prior to the beginning of the audit.

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Management Response

Staff will ensure that the SEFA is accurate and up-to-date as of the end of the fiscal year prior to submission to the audit team.

Finding Resolution Timeline: June 30, 2017

Designated Employee Position: Budget/Grant Specialist

CURRENT YEAR FINDINGS – COMPONENT UNIT GALLUP HOUSING AUTHORITY

HA2016-001 – VACATED TENANT’S FILES LACKING REQUIRED DOCUMENTATION

Type of Finding: F

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

Title: Low Rent Public Housing Program

CFDA: 14.850

Award#: Multiple

Award Period: Multiple

Estimated Questioned Costs: N/A

Statement of Condition

Of the 25 tenants tested for eligibility, 3 tenants were missing 2 required HUD forms; (1) 52675 Debts owed to Public Housing Agencies and Terminations and (2) “What you should know about EIV”. During follow up with the Housing Manager, it was determined that all 3 tenants were no longer tenants with the Gallup Housing Authority (Housing Authority). During testing of all the other tenants, it was noted that the forms were completed in all active tenant files, and in the files of tenants who had vacated after November 1, 2015, with the exception of one of the three tenants.

Criteria

HUD Form 52675

HUD requires PHAs, which administers Public Housing, Section 8 Housing Choice Voucher (including the Disaster Housing Assistance Program), Section 8 Moderate Rehabilitation, and Project-Base Voucher housing programs, to report certain information at the conclusion of a tenant’s participation in a HUD rental assistance program. This notice provides the participant with information on what information the PHA is required to provide HUD, who will have access to this information, how this information is used and your rights. PHAs are required to provide this notice to all applicants and program participants and the participant are required to acknowledge receipt of this notice by signing page 2. Each adult household member must sign this form.

“What you should know about EIV”

This form is required to be signed to acknowledge receipt of the guide. This is a part of HUD’s Enterprise Income Verification System (EIV).

Cause

The previous staff was unaware certain forms were required by HUD.

Effect

The Housing Authority could be at risk of not being in compliance with U.S. Department of Housing and Urban Development requirements, and risks losing their funding.

Recommendation

We recommend that the Housing Authority continue with their current policies and procedures regarding completion of required documentation and ensure its inclusion in each tenant’s file. We believe the Housing Authority has the current procedures in place that will result in resolving this finding in FY2017.

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Management Response

Prior staff, who have all left the agency, did not consistently comply with this HUD requirement regarding HUD Form 52675 and ensuring receipt of the “What you should know about EIV” guide by having the tenants sign an acknowledgement. Gallup Housing Authority, on its own initiative, hired Bernalillo Housing Department to conduct an operational assessment of GHA housing management operations in October, 2015 through February, 2016. As a result of this assessment, Training and Technical assistance was provided to the current staff to enhance compliance in operations. As a result, this deficiency had already been corrected for current tenants beginning November 1, 2015. Current staff cannot correct the deficiencies in tenant files when the tenants have moved out or in one case where the tenant is deceased. On the one noted as occurring after the November 1, 2015 date, that particular tenant was scheduled to come in for annual re-certification in November and the form would have been updated at that point in time but the Tenant opted to move-out.

Finding resolved timeline: For current tenants and going forward, this finding has already been resolved.

Designated of employee position responsible for meeting this deadline: The GHA Housing Manager and the GHA Housing Assistant(s)

HA2016-002 – INCORRECT PERA CONTRIBUTION REIMBURSEMENTS TO EMPLOYEES, NET PENSION LIABILITY CALCULATIONS AND PERA EXPENSE ACCOUNT CODING

Type of Finding: B

Statement of Condition

During the audit, it was determined there were multiple issues with the PERA calculations during previous years, and related Net Pension calculations, and employee reimbursed amounts. The following issues were found:

1. In June 2016, the Housing Authority was made aware of Resolution No 90-6, by the Gallup Housing Authority’s Board of Commissioners, from June 20, 1990, that the Housing Authority would pay 75% of the employee’s PERA contribution rate. This amount is called the Employer Picked-Up Amount. It was determined that the rate being used for the picked-up portion had not been updated for years. As a result, the employees were reimbursed an incorrect amount, and had overpaid their portion to PERA.

During the audit, the GHA created a schedule back to the fiscal year 2005 (which is how far their software goes back). Then they determined the correct pick-up rate, and the amount the GHA was supposed to contribute on behalf of the employee, each pay period. Then this amount was compared to what the GHA actually reimbursed the employees. As a result of the process, it was determined that roughly \$25,000 was not correctly reimbursed to the employees. This resulted in a contingent liability as identified in Note 14 in the Notes to the Financial Statements.

2. During the audit, it was determined that the Net Pension Liability calculations in FY15 were incorrectly recorded. The calculations did not include the Employer Picked-Up portion in the total contributions made in FY15, and the schedule used to prepare the Net Pension Liability amount and related Deferred Inflows/Outflows was incorrect. As a result, there was a restatement recorded in FY16 in order to correct the beginning balances and present correct amounts going forward. See Note 18 for more information regarding the restatement.
3. The picked-up portion of the PERA expense is currently being recorded in the Housing Authority’s Salaries expense account. As a result, the PERA expense accounts do not reconcile to the PERA reconciliation and confirmation.

Criteria

1. Resolution No. 90-06 from June 20, 1990 states; Pursuant to Section 10-11-5 NMSA (1907 Repl.) the Housing Authority is the City of Gallup hereby elects to be responsible for making contributions of 75% of its employees’ member contributions in the Municipal Division.” “This resolution is effective with the first pay period of the month of October 1989.”

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

2. The Net Pension Liability (GASB 68) excel workbook.
3. Best business practices require that the Housing Authority correctly allocate expense types to their allotted account codes, in order to ensure correct coding and correct payment balances. Additionally, the GHA should be able to reconcile all GL accounts to the appropriate support.

Cause

1. The Housing Authority's staff was not aware of the resolution, and did not update the rate in the calculations.
2. The Net Pension Liability workbook provided by the Office of the State Auditor in 2015, to be used to calculate the FY15 balances, was not used by the Housing Authority's consulting accountants. As a result, the calculations were inaccurate. Additionally, the consulting accountants and prior auditor was unaware of the picked-up portion and did not factor it into the calculations.
3. The software was set up incorrectly with this type of account coding and had not been corrected.

Effect

1. The Housing Authority could potentially owe employees from previous years' reimbursements since it appears the GHA did not pay the correct portion as set forth by the resolution. This could open the GHA up for a special audit and/or legal action.
2. The accounts related to the Net Pension Liability calculations are incorrect and this could result in incorrect reporting to PERA and therefore cause mistakes in PERA's GASB 68 annual reports.
3. The amount paid to PERA by the GHA cannot be reconciled to the account code. Due to the inability to reconcile the GL account, the payments made to PERA could be incorrect.

Recommendation

1. We recommend the Housing Authority stay vigilant in updating the pick-up rate, each year, when the PERA contribution rates are released. Additionally, we recommend the GHA consult a legal counsel regarding the incorrect rate being used, and determine the GHA responsibility, if any, to employees.
2. We recommend that the Net Pension Liability excel workbook used by the auditor in FY16 be used by the GHA's consulting accountants, in order to calculate the liability, deferred inflows, deferred outflows, and pension expense entries.
3. We recommend the GHA correct the account coding from the payroll module, to have the PERA expense that the employer is required to pay go to one account code and the employer picked-up expense go to another account code. Additionally, we recommend the GHA reconcile the expense accounts to their PERA reconciliation at year-end.

Management Response

Prior staff, who have all left the agency, did not notify anyone of the existence of the June 20, 1999 Board approved resolution #90-6 regarding the "PERA pick-up" requirements. Over time, as the GHA switched plans and as the PERA rates changed, the Payroll system was not always updated accordingly. GHA hired a new Fee Accountant in 2015 and they provided technical assistance to GHA to record the Net Pension Liabilities for 2015, in order to bring GHA complaint with GASB 68. In June, 2016, the GHA Accountant, after consulting with the State PERA office, determined that the pick-up was not being calculated correctly and then corrected the situation from that point going-forward. GHA did determine the possible amounts owed to employee back to 2005 based on available employee records and will be seeking legal advice on this matter as recommended in the Audit report. Regarding proper account coding, software adjustments will be made to ensure internal accounting records can be reconciled internally as well as matched to PERA record.

**STATE OF NEW MEXICO
CITY OF GALLUP
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Finding resolved timeline: Legal consultation – by February 28, 2017. Internal procedure and proper account coding and software adjustments – by December 31, 2016 depending on a timely response from Fee Accountant and Software vendor on corrections needed.

Designated of employee position responsible for meeting this deadline: The GHA Accountant and the GHA Executive Director

**STATE OF NEW MEXICO
CITY OF GALLUP
Exit Conference
For the Year Ended June 30, 2016**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Hinkle + Landers, PC to the City in preparing the financial statements.

B. EXIT CONFERENCE

City of Gallup

The contents of the report for the City of Gallup were discussed on November 22, 2016, at the City's offices in Gallup New Mexico. The following individuals were in attendance.

City of Gallup Officials

Jackie McKinney, Mayor
Maryann Ustick, City Manager
J.M. DeYoung, Assistant City Manager
Patty Holland, CFO

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA

Gallup Housing Authority (A Component Unit of the City)

An exit conference was held in closed session on November 17, 2016 at the Housing Authority's offices in Gallup, New Mexico. In attendance were the following:

Gallup Housing Authority Officials

Richard Kontz, Executive Director
Telisia Montano, Accountant
Michael Burnside, Projects Coordinator
Joe Zecca, Board Vice-Chair
Roger Morris, Commissioner

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA
Katelyn Constantine