STATE OF NEW MEXICO

FINANCIAL STATEMENTS WITH REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

STATE OF NEW MEXICO
CITY OF GALLUP

INDEPENDENT AUDITOR'S REPORT WITH FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

JUDI M. STARKOVICH
EXECUTIVE DIRECTOR OF
ADMINISTRATIVE SERVICES DIVISION

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
CITY OF GALLUP
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2009

ELECTED OFFICIALS

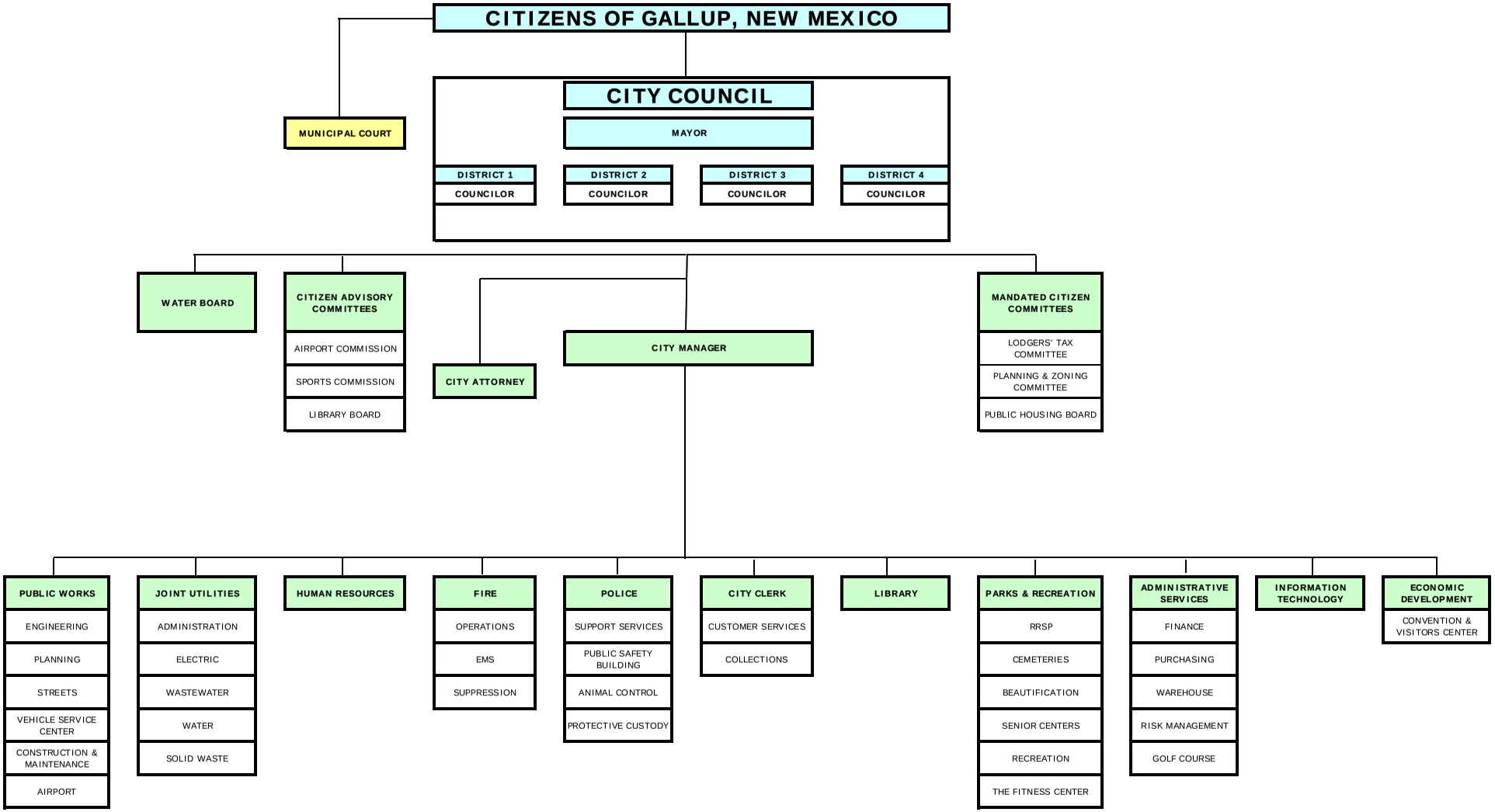
MAYOR	HARRY MENDOZA
COUNCILOR – DISTRICT 1	MIKE ENFIELD
COUNCILOR – DISTRICT 2	ALLAN LANDAVAZO
COUNCILOR – DISTRICT 3	E. BRYAN WALL
COUNCILOR – DISTRICT 4	JAY AZUA

APPOINTED OFFICIALS

CITY MANAGER	GERALD HERRERA

OTHER OFFICIALS

EXECUTIVE DIRECTOR OF ADMINISTRATIVE SERVICES	JUDI M. STARKOVICH
CITY CLERK	ALFRED ABEITA
FINANCE DIRECTOR	KARLA NEWBERRY


CITIZENS OF GALLUP, NEW MEXICO
MUNICIPAL COURT
CITY COUNCIL
MAYOR
DISTRICT 1
COUNCILOR
DISTRICT 2
COUNCILOR
DISTRICT 3
COUNCILOR
DISTRICT 4
COUNCILOR
WATER BOARD
CITIZEN ADVISORY COMMITTEES
AIRPORT COMMISSION
SPORTS COMMISSION
LIBRARY BOARD
CITY ATTORNEY
CITY MANAGER
MANDATED CITIZEN COMMITTEES
LODGERS' TAX COMMITTEE
PLANNING & ZONING COMMITTEE
PUBLIC HOUSING BOARD
PUBLIC WORKS
ENGINEERING
PLANNING
STREETS
VEHICLE SERVICE CENTER
CONSTRUCTION & MAINTENANCE
AIRPORT
JOINT UTILITIES
ADMINISTRATION
ELECTRIC
WASTEWATER
WATER
SOLID WASTE
HUMAN RESOURCES
FIRE
OPERATIONS
EMS
SUPPRESSION
POLICE
SUPPORT SERVICES
PUBLIC SAFETY BUILDING
ANIMAL CONTROL
PROTECTIVE CUSTODY
CITY CLERK
CUSTOMER SERVICES
COLLECTIONS
LIBRARY
PARKS & RECREATION
RRSP
CEMETERIES
BEAUTIFICATION
SENIOR CENTERS
RECREATION
THE FITNESS CENTER
ADMINISTRATIVE SERVICES
FINANCE
PURCHASING
WAREHOUSE
RISK MANAGEMENT
GOLF COURSE
INFORMATION TECHNOLOGY
ECONOMIC DEVELOPMENT
CONVENTION & VISITORS CENTER

FINANCIAL SECTION

GPS Griego Professional Services, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, budgetary comparisons for the general fund and the aggregate remaining fund information of City of Gallup (the "City"), New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's non-major governmental, non-major enterprise and internal service funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the City of Gallup, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gallup, New Mexico, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise and internal service fund of the City of Gallup, New Mexico, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and respective budgetary comparison for all non-major funds and the major enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2009 on our consideration of the City of Gallup, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
November 10, 2009

CITY OF GALLUP

MAYOR: HARRY H. MENDOZA

COUNCILORS: JOHN J. AZUA
MIKE ENFIELD
ALLAN LANDAVAZO
E. BRYAN WALL

CITY MANAGER: GERALD J. HERRERA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gallup (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audit report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $140,855,768 (*net assets*). Of this amount, $52,417,432 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by $9,412,659. This was a decrease as compared to prior year, which was caused by a substantial decrease in intergovernmental grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $26,245,811, an increase of $3,579,648 in comparison with prior year. Approximately 32.87% of this total amount, $8,629,338, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $8,629,338 or 38.05% of total general fund expenditures. Cash basis fund balance of $7,630,624 can be found on page 21.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include general government, culture and recreation, public safety, health and welfare, and public works (highways and streets). The business-type activities of the City include the operations of Gallup Joint Utilities (GJU), Solid Waste, The Fitness Center, Wrangler Junior High School Rodeo (WJHSR), 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 can be found on pages 17 and 18 of this report.

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

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

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

The City maintains twenty-six (26) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Environmental Surcharge Special Revenue Fund, both of which are considered to be major funds. Data from the other twenty-four (24) governmental funds are also combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its GJU, Solid Waste, The Fitness Center, NMJHSR, GMADC, and Gamerco Billings. *Internal service funds* are an accounting device used to accumulate an 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 the 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 propriety fund financial statements.

The basic proprietary fund financial statements can be found on pages 23 through 25 of the report.

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 statements can be found on page 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the date provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 50 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental and nonmajor proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 through 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $140,855,768 at the close of the most recent fiscal year.

The largest portion, 60.10%, of the City's net assets ($84,659,092) represents its investment in capital assets (e.g., land, buildings, improvements, infrastructure, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. 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.

An additional portion of the City's net assets (37.21%) reflects the balances of its *unrestricted net assets* ($52,417,432) which may be used to meet the City's ongoing obligations to citizens and creditors. The remaining balance ($3,779,244) reflects resources that are subject to external restrictions on how they may be used.

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

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

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current and other assets	$ 32,648	$ 29,223	$30,707	$30,130	$63,355	$59,353
Capital assets	83,119	84,240	53,168	51,181	136,287	135,421
Total assets	$115,767	$113,463	$ 83,875	$ 81,311	$199,642	$194,774
LIABILITIES						
Long-term liabilities outstanding	$ 26,653	$ 28,826	$ 27,038	$ 28,686	$ 53,691	$ 57,512
Other liabilities	3,280	3,541	1,815	2,279	5,095	5,820
Total liabilities	$ 29,933	$ 32,367	$ 28,853	$ 30,965	$ 58,786	$ 63,332
NET ASSETS						
Invested in capital assets, net of related debt	$ 58,333	$ 57,476	$26,326	$23,075	$ 84,659	$ 80,551
Restricted net assets	3,779	2,402	0	0	3,779	2,402
Unrestricted net assets	23,722	21,219	28,696	27,271	52,418	48,490
Total net assets	$ 85,834	$ 81,097	$ 55,022	$ 50,347	$140,856	$131,443

Overall net assets increased by $9,412,659. This was a 39.13% decrease from prior year. Although charges for services and taxes are increasing, they are not growing at the same rate as operating expenses. The main increase in expenses is caused by the increasing cost of services, mainly fuel, and by the completion of many bond projects, which is two fold. As we use construction funds, bond funds decrease, which causes a decrease in interest income, which had been very healthy in the prior fiscal year. In addition, intergovernmental grants have dramatically decreased.

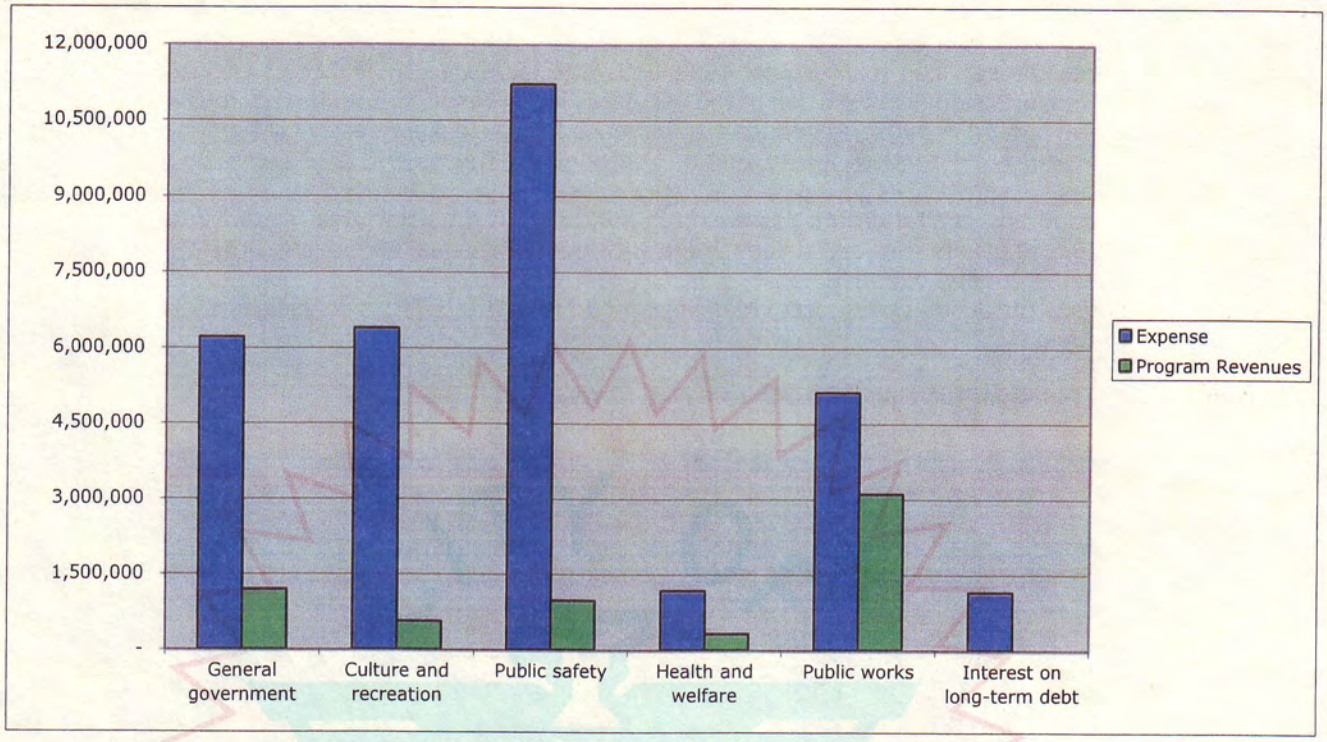
City of Gallup's Changes in Net Assets
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues						
Charges for services	$ 3,490	$ 3,400	$ 32,855	$ 31,284	$ 36,345	$ 34,684
Operating and capital grants	2,683	5,271	202	5,243	2,885	10,514
General Revenues						
Property taxes	2,851	2,647	0	0	2,851	2,647
Other taxes	14,088	13,406	419	450	14,507	13,856
Grants and other contributions	9,482	10,028	0	0	9,482	10,028
Other	1,049	1,050	787	1,028	1,836	2,078
Total Revenues	33,643	35,802	34,263	38,005	67,906	73,807
EXPENSES						
General government	6,214	6,970	0	0	6,214	6,970
Culture and recreation	6,391	6,590	779	604	7,170	7,194
Public safety	11,208	10,599	0	20	11,208	10,619
Health and welfare	1,179	1,021	0	0	1,179	1,021
Public works	5,118	5,395	0	0	5,118	5,395
Electric	0	0	16,130	16,573	16,130	16,573
Wastewater	0	0	3,010	2,602	3,010	2,602
Water	0	0	4,529	4,175	4,529	4,175
Sanitation	0	0	2,782	2,630	2,782	2,630
Interest on long-term debt	1,153	1,163	0	0	1,153	1,163
Total Expenses	31,263	31,738	27,230	26,604	58,493	58,342
Increase in Net Assets Before Net Transfers	2,380	4,064	7,033	11,401	9,413	15,465
Net Transfers	2,357	2,528	(2,357)	(2,528)	0	0
Increase in Net Assets	4,737	6,592	4,676	8,873	9,413	15,465
Net Assets, 06/30/07	81,097	74,505	50,346	41,473	131,443	115,978
Net Assets, 06/30/08	$85,834	$81,097	$ 55,022	$ 50,346	$ 140,856	$ 131,443

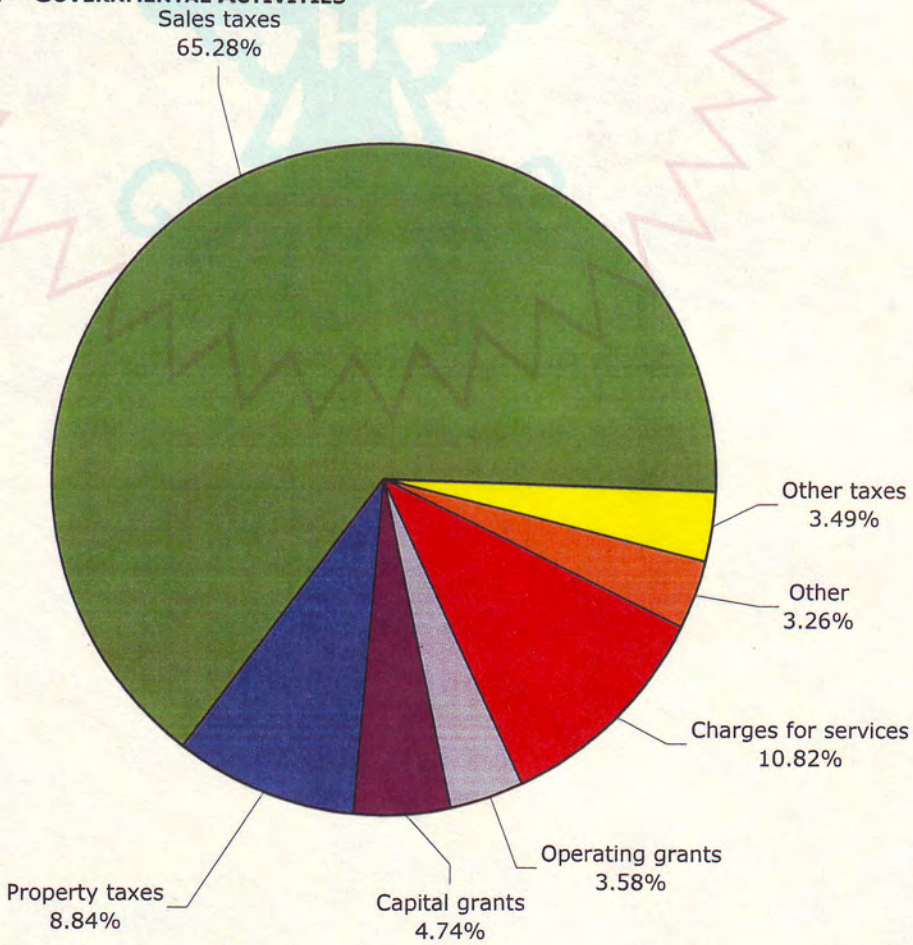
Governmental Activities. Governmental activities increased the City's net assets by $4,737,349, thereby accounting for 50.32% of the total increase in the net assets of the City. The increase was down 28.13% as compared to prior year. Key elements of this increase are as follows:

- Operating and capital grants decreased by $2,588,798, primarily due to the completion of an airport runway project.
- Charges for services increased by $96,317 due to growth in our recreational.
- Expenses were down by $469,217 because of department managers watching budgets closely.

Expenses and Program Revenues – Governmental Activities



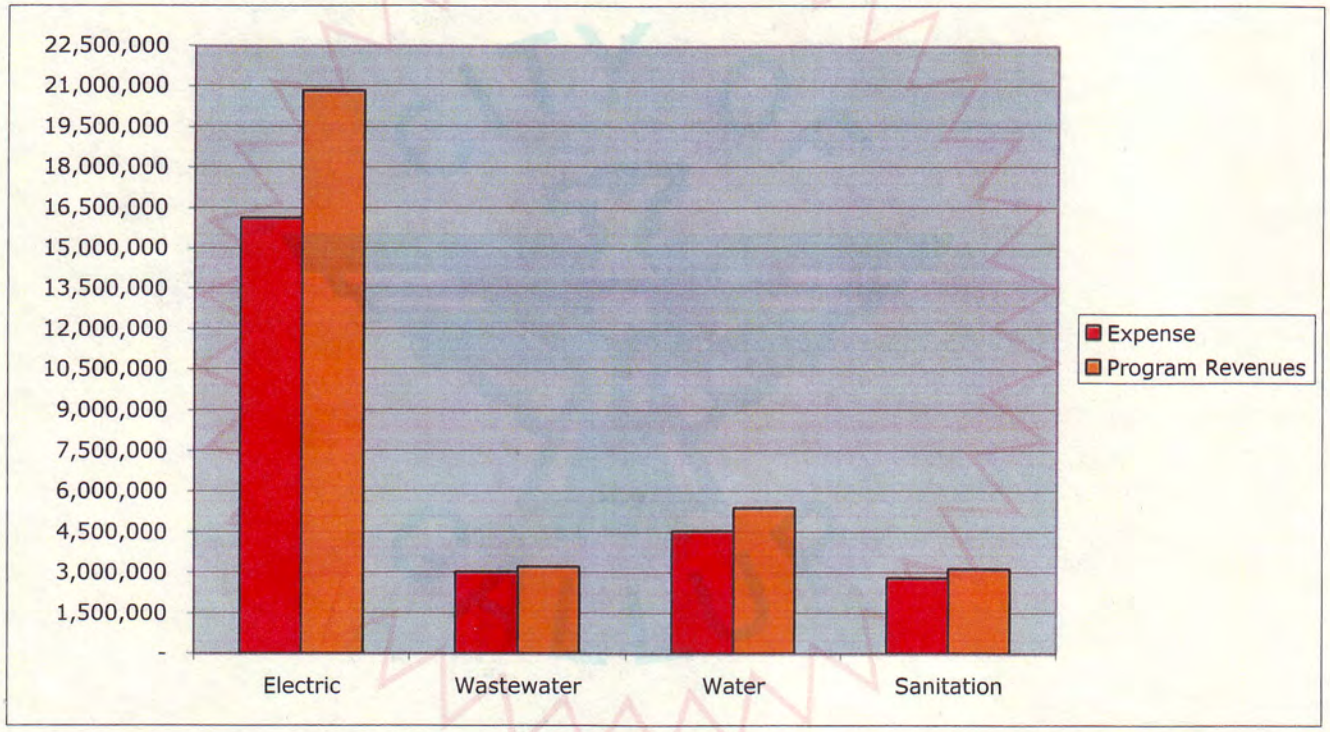
Revenues by Source – Governmental Activities



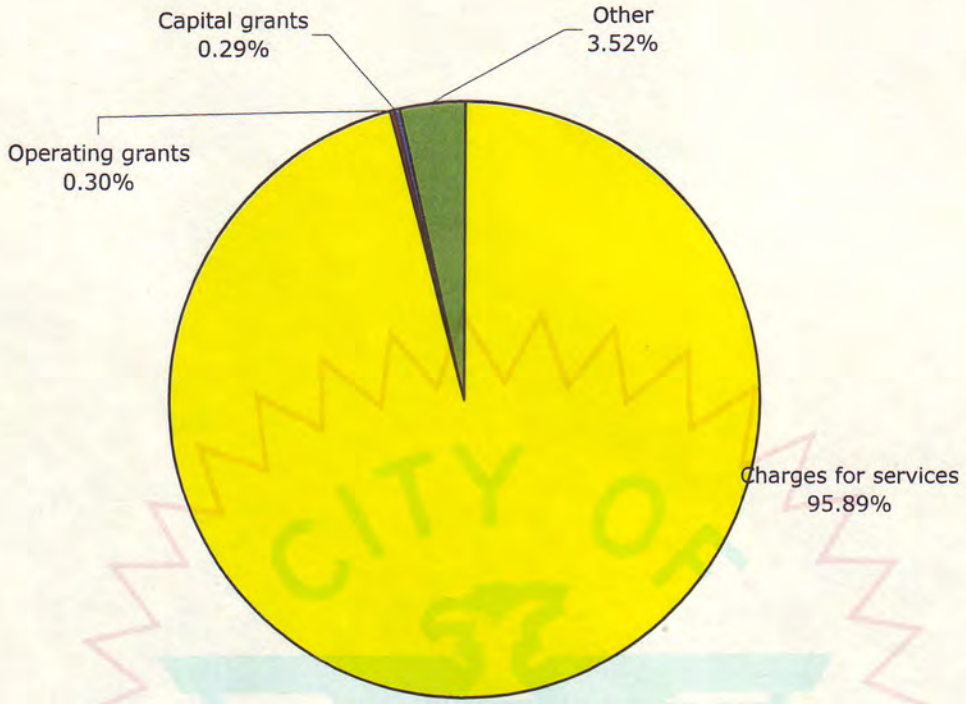
Business-type Activities. Business-type activities increased the City's net assets by $4,675,310 accounting for 49.68% of the total growth of the government's net assets. However, again this is a decrease of 47.30% as compared to last year. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by 5.02%. Gallup Joint Utilities accounts for a significant portion of this increase, which resulted from the approval of a tiered rate increase passed in 2005. Revenues also increased because of aggressive collection efforts on past due accounts. Together, these factors, account for the $1,571,268 increase in charges for services.
- Operating and capital grants decrease $5,040,962. In the prior year, the City recorded Water Trust Board grants that are in connection with our Navajo Gallup Pipeline project. Not all grant awards have been expended.
- Expenses for business-type activities increased $625,790, which was caused by the increase in operations.

EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE BUSINESS –TYPE ACTIVITIES



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $26,245,811, an increase of $3,579,648 in comparison with the prior year. The General Fund individually had an increase of $811,045 in unreserved fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was $8,629,338 while total fund balance was $10,532,270. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 38.05% of total General Fund expenditures, and total fund balance represents 46.44% of that same amount. The expenditure calculation does not consider $2,954,370 in net transfers out of the General Fund.

During the current fiscal year, the fund balance of the City's General Fund increased by $811,045. This reflects an increase of 6.21%. Key factors in this increase are as follows:

- Taxes increased by $351,018, which was caused by influx of retail shoppers in our area. Many of Because of rising gas prices, many of our constituents were shopping in the Gallup area.
- Miscellaneous income increased by $87,897 due to an auction of surplus equipment and vehicles.
- Interest income increased $96,348 due to favorable interest rates the City was able to capitalize on even though we are experiencing a downturn in the national economy.

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

Total unrestricted net assets at the end of the year amounted to $28,695,527. 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 were relatively minor ($1,021,556 increase in appropriations) is summarized briefly as follows:

- $87,228 in increases allocated to general government departments
- $611,804 in increases allocated to recreation departments
- $288,305 in increases allocated to the police and fire departments
- 11,445 in increases allocated to the public works departments
- $396,633 in increases allocated to capital outlay (mainly the result of the carryover of purchase orders from the prior year)
- $511,390 increase in net operating transfers out (mainly the repayment/borrowings of interfund loans)

Of the increase, $295,498 was funded out of charges for services and $619,740 was funded from miscellaneous increases in various intergovernmental grants and interest income. The remaining $1,541,567 was budgeted from available fund balance. During the year, however, expenditures and net transfers out were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to $136,287,108 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and distribution systems. The total increase in the City's investment in capital assets for the current fiscal year was 0.63% (1.33% decrease for governmental activities and 3.88% increase for business-type activities).

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

- Many bond projects, which were funded by debt issues in prior years, were completed. Some of the projects include sidewalk construction, water and sewer line reconstruction, and the continuation of the construction of a new wastewater treatment plant.
- In addition, the City was the recipient of many intergovernmental grants in prior years that were completed during this most current fiscal year.

City of Gallup's Capital Assets
Net of Depreciation
(amounts in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Land	$ 7,384	$ 7,384	$ 484	$ 484	$ 7,868	$ 7,868
Distribution & collection Systems	0	0	50,256	46,508	50,256	46,508
Buildings & improvements	74,112	73,470	34,414	33,865	108,526	107,335
Infrastructure	36,123	35,183	0	0	36,123	35,183
Equipment	15,606	15,754	11,033	10,418	26,639	26,172
	$133,225	$131,791	$96,187	$91,275	$ 229,412	$ 223,066

Additional information on the City's capital assets can be found on pages 40 and 41 of this report.

Long-term Debt. During the fiscal year, the City did not issue any new debt. In total, the City repaid $3,539,390 of its total debt that was outstanding at June 30, 2008. At the end of the current fiscal year, the City had total bonded debt outstanding of $45,525,000. Of this amount $5,130,000 comprises debt back by property taxes, $17,735,000 comprises debt backed by gross receipts tax revenues and $22,660,000 is backed by revenue generated by Gallup Joint Utilities. The remaining balance of $5,103,179 is made up of loans backed by specific operational revenue sources.

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

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 5,130	$ 5,590	$ 0	$ 0	$ 5,130	$ 5,590
Sales tax revenue bonds	17,735	18,980	0	0	17,735	18,980
Revenue bonds	0	0	22,660	23,910	22,660	23,910
Loans payable	1,720	1,981	3,383	3,706	5,103	5,687
	$24,585	$26,551	$26,043	$27,616	$50,628	$54,167

The City bonds are rated only by Moody's. Currently the City maintains an A3 rating on its general obligation bonds and an A2 rating on its sales tax bonds. Gallup Joint Utilities maintains an A1 rating on its revenue bonds from Moody's and an A rating from Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to four percent (4%) of its total assessed valuation. The current debt limitation for the City is approximately $12.1 million, with $6.1 million as remaining capacity.

Additional information on the City's long-term debt can be found on pages 42 through 45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Budget revenues were projected flat. Although, the City has seen about a three percent (3%) growth rate in charges for services and taxes over the past few years.
- The City budgeted for increased costs in personnel due to labor union contracts.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unreserved fund balance in the general fund increased $811,045. The City has appropriated $2,613,975 of fund balance for spending in the 2010 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 2010 fiscal year. Although City Council is looking at a quarter cent increase in gross receipts tax to fund much need capital outlay.

Gallup Joint Utilities were increased rates for the 2010 budget year. Rates increased by an average of 3.00% for all customers. These rate increases were necessary to finance debt service on the water and sewer distribution systems and to provide funding for electric and sanitation capital needs.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT			
ASSETS	Governmental Activities	Business-type Activities	Total	Component Unit
Cash and cash equivalents	$ 12,909,551	$ 10,433,821	$ 23,343,372	$ 311,195
Investments	13,489,248	5,850,000	19,339,248	-
Accounts receivable, net	5,669,857	2,746,492	8,416,349	63,447
Internal balances	-	-	-	-
Inventories	386,460	2,301,420	2,687,880	12,581
Prepaid expenses	-	-	-	-
Deferred charges	192,724	162,057	354,781	-
Restricted cash and cash equivalents	-	9,213,267	9,213,267	-
Capital assets:				
Construction in progress	-	-	-	23,450
Land	7,383,732	483,907	7,867,639	1,686,162
Distribution and collections systems	-	50,255,604	50,255,604	-
Buildings and improvements	74,111,540	34,413,633	108,525,173	10,147,921
Infrastructure	36,123,487	-	36,123,487	-
Equipment	15,606,303	11,033,009	26,639,312	573,626
Less accumulated depreciation	(50,106,425)	(43,017,682)	(93,124,107)	(6,198,271)
Other assets held for sale	-	-	-	-
Total Assets	115,766,477	83,875,528	199,642,005	6,620,111
LIABILITIES				
Accounts payable	1,304,817	547,666	1,852,483	21,874
Accrued wages and taxes	620,307	272,652	892,959	10,106
Deferred revenue	1,202,903	107,496	1,310,399	328
Payable from restricted assets	-	744,772	744,772	37,772
Accrued interest	151,819	142,684	294,503	-
Other current liabilities	-	-	-	16,196
Long-term obligations:				
Compensated absences	703,378	196,260	899,638	59,322
Claims and judgements payable	1,163,467	-	1,163,467	-
Due within one year	2,065,048	1,488,006	3,553,054	-
Due in more than one year	22,720,776	25,354,186	48,074,962	-
Total Liabilities	29,932,515	28,853,722	58,786,237	145,598
NET ASSETS				
Investment in capital assets, net of related debt	58,332,813	26,326,279	84,659,092	6,232,888
Restricted for:				
Inventories	386,460	-	386,460	-
Encumbrances	3,392,784	-	3,392,784	-
Unrestricted	23,721,905	28,695,527	52,417,432	241,625
Total Net Assets	$ 85,833,962	$ 55,021,806	$ 140,855,768	$ 6,474,513

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

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
					PRIMARY GOVERNMENT			
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary Government:								
General government	$ 6,214,276	$ 1,196,180	$ -	$ -	$ (5,018,096)	$ -	$ (5,018,096)	$ -
Culture and recreation	6,390,596	8,954	442,153	112,642	(5,826,847)	-	(5,826,847)	-
Public safety	11,207,510	152,658	415,481	415,352	(10,224,019)	-	(10,224,019)	-
Health and welfare	1,178,994	-	287,601	34,502	(856,891)	-	(856,891)	-
Public works	5,117,935	2,132,711	9,414	965,517	(2,010,293)	-	(2,010,293)	-
Interest on long-term debt	1,153,347	-	-	-	(1,153,347)	-	(1,153,347)	-
Total Governmental Activities	31,262,658	3,490,503	1,154,649	1,528,013	(25,089,493)	-	(25,089,493)	-
Business-type activities:								
Culture and recreation	778,505	421,953	100,000	-	-	(256,552)	(256,552)	-
Electric	16,130,067	20,728,876	-	100,300	-	4,699,109	4,699,109	-
Wastewater	3,010,114	3,201,329	-	-	-	191,215	191,215	-
Water	4,529,360	5,383,346	-	-	-	853,986	853,986	-
Sanitation	2,782,036	3,119,224	1,856	-	-	339,044	339,044	-
Total Business-type Activities	27,230,082	32,854,728	101,856	100,300	-	5,826,802	5,826,802	-
Total Primary Government	$ 58,492,740	$ 36,345,231	$ 1,256,505	$ 1,628,313	(25,089,493)	5,826,802	(19,262,691)	-
COMPONENT UNIT:								
Housing authority	$ 1,660,986	$ 556,162	$ 1,004,798	$ 23,450	-	-	-	(76,576)
GENERAL REVENUES:								
Taxes:								
Property taxes, levied for general purposes					2,106,416	-	2,106,416	-
Property taxes, levied for debt service					744,619	-	744,619	-
Franchise taxes					1,392,036	-	1,392,036	-
Gross receipts taxes					11,570,697	418,754	11,989,451	
Public service taxes					1,125,293	-	1,125,293	-
Grants and contributions not restricted to specific program					9,481,798	-	9,481,798	-
Miscellaneous income					257,562	256,559	514,121	4,993
Interest income					791,733	529,883	1,321,616	5,026
Net Transfers					2,356,688	(2,356,688)	-	-
Total General Revenues and Transfers					29,826,842	(1,151,492)	28,675,350	10,019
CHANGE IN NET ASSETS					4,737,349	4,675,310	9,412,659	(66,557)
Net Assets, Beginning of Year					81,096,613	50,346,496	131,443,109	6,541,070
Net Assets, End of Year					$ 85,833,962	$ 55,021,806	$ 140,855,768	$ 6,474,513

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

STATE OF NEW MEXICO
CITY OF GALLUP
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009

	General	SPECIAL REVENUE FUND Environmental Surcharge	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,391,376	$ 4,405,495	$ 4,039,583	$ 11,836,454
Investments	4,239,248	2,875,000	4,325,000	11,439,248
Accounts receivable, net	4,813,516	115,343	740,998	5,669,857
Due from other funds	100,000	-	-	100,000
Inventories	386,460	-	-	386,460
Total Assets	$ 12,930,600	$ 7,395,838	$ 9,105,581	$ 29,432,019
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 698,583	$ 10,390	$ 563,520	$ 1,272,493
Accrued wages and taxes	570,254	-	40,558	610,812
Due to other funds	-	-	100,000	100,000
Deferred revenue	1,129,493	-	73,410	1,202,903
Payable from restricted	-	-	-	-
Total Liabilities	2,398,330	10,390	777,488	3,186,208
FUND BALANCES				
Reserved for:				
Inventories	386,460	-	-	386,460
Encumbrances	1,516,472	86,094	1,790,218	3,392,784
Special revenue funds	-	7,299,354	2,400,031	9,699,385
Debt service funds	-	-	1,518,926	1,518,926
Capital projects funds	-	-	2,618,918	2,618,918
Unreserved, reported in:				
General fund	8,629,338	-	-	8,629,338
Total Fund Balances	10,532,270	7,385,448	8,328,093	26,245,811
Total Liabilities and Fund Balances	$ 12,930,600	$ 7,395,838	$ 9,105,581	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	83,117,070
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,906,067
Long-term liabilites, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(25,434,986)
Net Assets of Governmental Activities	$ 85,833,962

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

STATE OF NEW MEXICO
CITY OF GALLUP
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

		SPECIAL REVENUE FUND		
REVENUES	General	Environmental Surcharge	Non Major Funds	Total Governmental Funds
Intergovernmental income	$ 816,307	$ 9,414	$ 1,846,942	$ 2,672,663
Taxes	15,069,148	-	1,869,912	16,939,060
Operating grant - taxes	8,641,885	-	839,913	9,481,798
Charges for services	1,196,180	1,288,140	161,613	2,645,933
Miscellaneous income	170,001	-	48,169	218,170
Interest income	546,715	178,940	49,665	775,320
Total Revenues	26,440,236	1,476,494	4,816,214	32,732,944
EXPENDITURES				
Current:				
General government	6,001,655	-	(26,603)	5,975,052
Culture and recreation	4,717,186	-	539,603	5,256,789
Public safety	8,776,486	-	310,952	9,087,438
Health and welfare	698,451	-	317,664	1,016,115
Public works	1,679,831	4,288	2,282,152	3,966,271
Debt service:				
Principal retirement	-	-	1,966,083	1,966,083
Interest and other charges	-	-	1,173,479	1,173,479
Capital outlay	801,212	-	2,267,545	3,068,757
Total Expenditures	22,674,821	4,288	8,830,875	31,509,984
Excess (Deficiency) of Revenues Over Expenditures	3,765,415	1,472,206	(4,014,661)	1,222,960
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Operating transfers in	2,689,821	-	7,628,958	10,318,779
Operating transfers out	(5,644,191)	-	(2,317,900)	(7,962,091)
Total Other Financing Sources (Uses)	(2,954,370)	-	5,311,058	2,356,688
Net Change in Fund Balances	811,045	1,472,206	1,296,397	3,579,648
Fund Balance, Beginning of Year	9,721,225	5,913,242	7,031,696	
Fund Balance, End of Year	$ 10,532,270	$ 7,385,448	$ 8,328,093	

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,121,040)
The internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue is reported with governmental activities.	346,478
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatement of long-term debt and related items.	1,966,083
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.	(33,820)
Change in Net Assets of Governmental Activities	$ 4,737,349

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

STATE OF NEW MEXICO
CITY OF GALLUP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ 1,300,000	$ 1,919,740	$ 816,307	$ (1,103,433)
Taxes	14,135,090	14,135,090	15,069,149	934,059
Operating grant - taxes	8,736,700	8,736,700	8,641,885	(94,815)
Charges for services	1,250,000	1,545,498	1,337,954	(207,544)
Miscellaneous income	69,600	69,600	170,001	100,401
Interest income	200,400	200,400	546,715	346,315
Total Revenues	25,691,790	26,607,028	26,582,011	(25,017)
EXPENDITURES				
General government	7,098,590	7,185,818	6,421,452	764,366
Culture and recreation	5,364,250	5,976,054	4,740,839	1,235,215
Public safety	8,996,890	9,285,195	8,776,486	508,709
Health and welfare	626,020	656,009	627,933	28,076
Public works	1,891,050	1,902,495	1,679,831	222,664
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	1,260,000	1,656,633	801,212	855,421
Total Expenditures	25,236,800	26,662,204	23,047,753	3,614,451
Excess (Deficiency) of Revenues over Expenditures	454,990	(55,176)	3,534,258	3,589,434
OTHER FINANCING SOURCES (USES)				
Designated cash	1,693,790	2,715,346	-	(2,715,346)
Transfers from other funds	2,557,860	2,974,022	2,689,821	(284,201)
Transfers to other funds	(4,706,640)	(5,634,192)	(5,644,192)	(10,000)
Total Other Financing Sources (Uses)	(454,990)	55,176	(2,954,371)	(3,009,547)
Net Change in Fund Balance	$ -	$ -	579,887	$ 579,887
Fund Balance, Beginning of Year			7,050,737	
Fund Balance, End of Year			$ 7,630,624	

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

STATE OF NEW MEXICO
CITY OF GALLUP
ENVIRONMENTAL SURCHARGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 9,414	$ 9,414	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	1,100,000	1,100,000	1,269,366	169,366
Miscellaneous income	-	-	-	-
Interest income	150,000	150,000	178,940	28,940
Total Revenues	1,250,000	1,259,414	1,457,720	198,306
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	100,000	135,022	(6,102)	(141,124)
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	350,944	-	350,944
Total Expenditures	100,000	485,966	(6,102)	209,820
Excess (Deficiency) of Revenues over Expenditures	1,150,000	773,448	1,463,822	408,126
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ 1,150,000	$ 773,448	1,463,822	$ 408,126
Fund Balance, Beginning of Year			5,816,673	
Fund Balance, End of Year			$ 7,280,495	

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

STATE OF NEW MEXICO
CITY OF GALLUP
PROPRIETARY FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2008

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
ASSETS	Joint Utilities	Solid Waste	Non Major Funds	Total	Internal Service
CURRENT ASSETS					
Cash and cash equivalents	$ 7,220,802	$ 1,791,458	$ 1,421,561	$ 10,433,821	$ 1,073,097
Investments	5,225,000	625,000	-	5,850,000	2,050,000
Accounts receivable, net	2,384,982	331,281	30,229	2,746,492	-
Due from other funds	-	-	-	-	-
Inventories	2,301,420	-	-	2,301,420	-
Total Current Assets	17,132,204	2,747,739	1,451,790	21,331,733	3,123,097
NONCURRENT ASSETS					
Restricted cash and cash equivalents	9,207,508	-	5,759	9,213,267	-
Capital assets:					
Land	416,528	45,500	21,879	483,907	-
Distribution and collections systems	49,586,314	669,290	-	50,255,604	-
Buildings and improvements	34,073,895	48,309	291,429	34,413,633	2,180
Equipment	7,899,463	3,126,625	6,921	11,033,009	55,331
Less accumulated depreciation	(39,389,922)	(3,574,049)	(53,711)	(43,017,682)	(55,944)
Deferred charges	162,057	-	-	162,057	-
Total Noncurrent Assets	61,955,843	315,675	272,277	62,543,795	1,567
Total Assets	79,088,047	3,063,414	1,724,067	83,875,528	3,124,664
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	278,917	248,840	19,909	547,666	32,324
Accrued wages and taxes	247,767	19,651	5,234	272,652	9,495
Due to other funds	-	-	-	-	-
Deferred revenue	86,093	21,403	-	107,496	-
Compensated absences	163,967	25,633	6,660	196,260	13,311
Claims and judgements	-	-	-	-	1,163,467
Loans - current	333,006	-	-	333,006	-
Revenue bonds - current	1,155,000	-	-	1,155,000	-
Payable from restricted assets	739,013	-	5,759	744,772	-
Accrued interest	142,684	-	-	142,684	-
Total Current Liabilities	3,146,447	315,527	37,562	3,499,536	1,218,597
NONCURRENT LIABILITIES					
Landfill closure	-	-	-	-	-
Loans payable	3,050,037	340,000	-	3,390,037	-
Revenue bonds payable (net of unamortized premiums and discounts)	21,964,149	-	-	21,964,149	-
Total Noncurrent Liabilities	25,014,186	340,000	-	25,354,186	-
Total Liabilities	28,160,633	655,527	37,562	28,853,722	1,218,597
NET ASSETS					
Investment in capital assets, net of related debt	26,084,086	(24,325)	266,518	26,326,279	1,567
Unrestricted	24,843,328	2,432,212	1,419,987	28,695,527	1,904,500
Total Net Assets	$ 50,927,414	$ 2,407,887	$ 1,686,505	$ 55,021,806	$ 1,906,067

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

STATE OF NEW MEXICO
CITY OF GALLUP
PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	Joint Utilities	Solid Waste	Non Major Funds	Total	Internal Service
OPERATING REVENUES					
Intergovernmental income	$ 100,300	$ 1,856	$ 100,000	$ 202,156	$ 10,000
Taxes	-	418,754	-	418,754	-
Operating grant - taxes	-	-	-	-	-
Charges for services	29,024,501	3,015,806	814,421	32,854,728	-
Miscellaneous income	20,176	-	236,383	256,559	39,392
Assessments	-	-	-	-	2,111,460
Total Operating Revenues	29,144,977	3,436,416	1,150,804	33,732,197	2,160,852
OPERATING EXPENSES					
Personnel services	2,813,993	561,247	118,250	3,493,490	281,570
Depreciation expense	2,518,566	521,891	8,439	3,048,896	861
Operating expenses	17,117,689	1,663,378	786,618	19,567,685	1,548,356
Total Operating Expenses	22,450,248	2,746,516	913,307	26,110,071	1,830,787
Operating Income (Loss)	6,694,729	689,900	237,497	7,622,126	330,065
NONOPERATING REVENUES (EXPENSES)					
Loss on sale of capital assets	-	-	-	-	-
Interest income	462,950	53,096	13,837	529,883	16,413
Bond issue costs	19,285	-	-	19,285	-
Interest and other charges	(1,139,296)	-	-	(1,139,296)	-
Total Nonoperating Revenues (Expenses)	(657,061)	53,096	13,837	(590,128)	16,413
Income (Loss) Before Operating Transfers	6,037,668	742,996	251,334	7,031,998	346,478
NET OPERATING TRANSFERS IN (OUT)					
Operating transfers from other funds	2,810,204	-	66,972	2,877,176	-
Operating transfers to other funds	(4,909,758)	(324,106)	-	(5,233,864)	-
Net Operating Transfers In (Out)	(2,099,554)	(324,106)	66,972	(2,356,688)	-
Change in Net Assets	3,938,114	418,890	318,306	4,675,310	346,478
Total Net Assets, Beginning of Year	46,989,300	1,988,997	1,368,199	50,346,496	1,559,589
Total Net Assets, End of Year	$ 50,927,414	$ 2,407,887	$ 1,686,505	$ 55,021,806	$ 1,906,067

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

STATE OF NEW MEXICO
CITY OF GALLUP
PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
	Joint Utilities	Solid Waste	Non Major Funds	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 29,138,512	$ 3,460,383	$ 1,149,345	$ 33,748,240	$ 2,200,852
Cash paid to suppliers for goods and services	(17,822,840)	(1,600,776)	(808,897)	(20,232,513)	(1,805,641)
Cash paid to employees for services	(2,844,529)	(556,353)	(118,391)	(3,519,273)	(279,909)
Cash received from other funds for services	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	8,471,143	1,303,254	222,057	9,996,454	115,302
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies (to) from other funds	(2,099,554)	(324,106)	66,972	(2,356,688)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earned	462,950	53,096	13,837	529,883	16,413
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(4,658,282)	(377,561)	-	(5,035,843)	-
Proceeds from the issuance of debt	-	-	-	-	-
Principal paid on capital debt	(1,573,307)	-	-	(1,573,307)	-
Interest paid on capital debt	(1,147,862)	-	-	(1,147,862)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(7,379,451)	(377,561)	-	(7,757,012)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(544,912)	654,683	302,866	412,637	131,715
Cash and Cash Equivalents, Beginning of Year	22,198,222	1,761,775	1,124,454	25,084,451	2,991,382
Cash and Cash Equivalents, End of Year	$ 21,653,310	$ 2,416,458	$ 1,427,320	$ 25,497,088	$ 3,123,097
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 6,694,729	$ 689,900	$ 237,497	$ 7,622,126	$ 330,065
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	2,518,566	521,891	8,439	3,048,896	861
(Increase) decrease in accounts receivable	35,610	40,354	(5,222)	70,742	-
Increase (decrease) in provision for doubtful accounts	(169,080)	(15,762)	2,306	(182,536)	-
(Increase) decrease in inventories	(64,109)	-	-	(64,109)	-
Increase (decrease) in accounts payable	(641,042)	82,602	(22,279)	(580,719)	(8,969)
Increase (decrease) in accrued wages and taxes	(5,779)	4,358	(315)	(1,736)	1,109
Increase (decrease) in due to other funds	-	-	-	-	40,000
Increase (decrease) in compensated absences	(24,757)	536	174	(24,047)	552
Increase (decrease) in claims and adjustments	-	-	-	-	(248,316)
Increase (decrease) in deferred revenue	50,130	(625)	-	49,505	-
Decrease in payable from restricted assets	76,875	-	1,457	78,332	-
Decrease in landfill postclosure	-	(20,000)	-	(20,000)	-
Net Cash Provided by (Used for) Operating Activities	$ 8,471,143	$ 1,303,254	$ 222,057	$ 9,996,454	$ 115,302

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

STATE OF NEW MEXICO
CITY OF GALLUP
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 367,660
Total Assets	$ 367,660
LIABILITIES	
Accounts payable	$ 3,012
Special projects payable	364,648
Total Liabilities	$ 367,660

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Discrete Component Unit

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

Complete financial statements for the component unit may be obtained at the entity's administrative office.

Gallup Housing Authority
203 Debra
Gallup, New Mexico 87301.

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assts) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

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

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

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

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

The City reports the following major governmental funds:

> The *General Fund* is the primary operating fund of the City. This fund is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.
>
> The *Environmental Surcharge Special Revenue Fund* accounts for the accumulation of and payments made for environmental surcharge payments.

The City reports the following major proprietary funds:

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

The *Solid Waste Enterprise Fund* accounts for the activities of the City's refuse system.

Additionally, the City reports the following fund types:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

D. Subsequent Accounting Standard Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for financial statements for periods beginning after June 15, 2009. This statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The City is analyzing the effect that this standard will have on its financial statements.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which is effective for financial statement periods beginning after June 15, 2008. This statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Subsequent Accounting Standard Pronouncements (Continued)

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is effective for financial statement periods beginning after June 15, 2009. This statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statement periods beginning after June 15, 2010. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

E. Assets, Liabilities, and Fund Equity

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of two years or less from the date of acquisition.

Under New Mexico State statutes, the City can invest in obligations of the U.S. Treasury and the State Treasurer's Investment Pool (LGIP).

Investments of the City are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade receivables are shown net of an allowance for doubtful accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for doubtful accounts.

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

The City is permitted to levy taxes for general operating purposes based on taxable value for residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the City is allowed to levy taxes for payments of bond principal and interest in an amount approved by the City. The City's total tax rate to finance general government services for the year ended June 30, 2009 was $7.650 per $1,000 for nonresidential property and $5.135 per $1,000 for residential property. The City's tax rate for debt service was $2.220 for both residential and non-residential property.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Fund Equity (Continued)

Inventories

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

Restricted Assets

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

Capital Assets

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

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

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

	Years
Buildings	40
Building improvements	40
Public domain infrastructure	40
System infrastructure	40
Vehicles	6
Miscellaneous equipment	6

Compensated Absences

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Fund Equity (Continued)

Long-term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds, using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported net of discounts received. The net amount is reported as either an other financing source or use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans, which are subject to change.

Net Assets

Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt issued to finance the acquisition, improvement, or construction of those assets.

Restricted net assets include net assets that are subject to constraints on their use by creditors, grantors, enabling legislation, and bond indentures. These are the replacement reserves and the bond escrow accounts.

Unrestricted net assets are available for general use by the City for any obligation or expense.

NOTE 2: RECONCILIATION OF GOVERNMENT –WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of the $25,434,986 difference are as follows:

Bonds payable	$22,865,000
Loans payable	1,720,136
Less: deferred charge for issuance costs (to be amortized over life of debt)	(192,724)
Issuance premium (to be amortized as interest expense)	200,688
Accrued interest	151,819
Compensated absences	690,067
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	$25,434,986

NOTE 2: RECONCILIATION OF GOVERNMENT –WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

The governmental statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government – wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,121,040 difference are as follows:

Capital outlay	$ 3,068,757
Depreciation expense	(4,189,797)
Net adjust to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ (1,121,040)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has nay effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $1,966,083 difference are as follows:

Principal Repayments:	
Revenue bond debt	$1,245,000
General obligation debt	460,000
Loans payable	261,083
Net adjustment to increase net changes in fund – total governmental funds to arrive at changes in net assets of governmental activities	$1,966,083

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $33,820 difference are as follows:

Compensated absences	$(53,952)
Accrued interest	25,223
Amortization of bond issuance costs	(18,034)
Amortization of bond premiums	12,943
Net adjustment to increase net changes in fund – total governmental funds to arrive at changes in net assets of governmental activities	$(33,220)

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The finance department prepares the budget by fund, department, and functional category (personnel, operations, and capital outlay). This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. The City's department directors may make transfers of appropriations within a department's functional category. The City's council can transfer budgeted amounts within departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by council and by DFA. The City had four (4) revisions to the budget for the year ending, June 30, 2009.

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

B. Excess of Expenditures/Expenses Over Appropriations

The General Fund's budgeted expenditures exceeded its revenues and transfers by $2,715,346. Actual expenditures did not exceed actual revenues.

The Emergency Medical Services Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by $1,404. Available cash balance funded the actual decrease in net fund balance of $1,404.

The Fire Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by $407,478. Available cash balance funded the actual decrease in net fund balance of $260,252.

The Law Enforcement Protection Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by $37,069. Available cash balance funded the actual decrease in net fund balance of $32,963.

The Juvenile Recreation Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by $31,339. Available cash balance funded the actual decrease in net fund balance of $21,493.

The Intergovernmental Grants Special Revenue Fund budgeted that expenditures would exceed revenues and transfers by $182,094. Available cash balance funded the actual decrease in net fund balance of $120,226.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures/Expenses Over Appropriations (Continued)

The following Special Revenue Funds budgeted expenditures exceeding their special revenue appropriation and transfers. In no case did actual expenditures exceed actual revenues.

Lodgers' Tax	$201,100
Municipal Gas Tax	389,359

The New Mexico Finance Authority Service Fund budgeted that expenditures would exceed revenues and transfers by $202,099. Available cash balance funded the actual decrease in net fund balance of $160,006.

The 11/00 Sales Tax Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by $247,319. Available cash balance funded the actual decrease in net fund balance of $26,145.

The General Obligation Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by $305,065. Available cash balance funded the actual decrease in net fund balance of $181,196.
The 02/04 Sales Non Tax Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by $95,010. Available cash balance funded the actual decrease in net fund balance of $70,854.

The 02/04 Sales Tax Bond Capital Projects Fund budgeted that expenditures would exceed revenues and transfers by $59,087. Available cash balance funded the actual decrease in net fund balance of $10,048.

The following Capital Project Funds budgeted expenditures exceeding revenues and transfers. In no case did actual expenditures exceed actual revenues.

Infrastructure GRT	$ 527,603
Public Works	1,275,572

The Joint Utilities Enterprise Fund budgeted that expenses would exceed revenues and transfers by $10,878,995. Available cash balance funded the actual decrease in net fund balance of $544,913.

The Wrangler Junior High School Rodeo Enterprise Fund budgeted that expenses would exceed revenues and transfers by $110,466. Available cash balance funded the actual decrease in net fund balance of $1,784.

The following Enterprise Funds budgeted expenses exceeded their budgeted revenues and transfers. In no case did actual expenses exceed actual revenues.

Solid Waste	$787,240
The Fitness Center	59,087

The Risk Management Internal Service Fund budgeted that expenses would exceed revenues and transfers by $155,447. Actual expenditures did not exceed actual revenues.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. GAAP to Budgetary Basis Reconciliation

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

	General	Major Governmental Fund Environmental Surcharge	Non-major Governmental Funds	Internal Service
Governmental Activities				
Net change in fund balance (GAAP basis)	$ 811,045	$1,472,206	$1,296,397	$ 346,478
Adjustments to:				
Revenues for tax accruals, interest, and other deferrals and accruals	141,773	(18,774)	(97,705)	40,000
Expenditures for payables, prepaid expenses and other accruals	(372,931)	10,390	58,965	(254,763)
Net change in fund balance (budget basis)	$ 579,887	$1,463,822	$1,257,657	$ 131,715

	Major Proprietary Funds		Non-major Proprietary Funds
	Joint Utilities	Solid Waste	
Business-type Activities			
Change in net assets (GAAP basis)	$ 3,938,114	$418,890	$318,305
Adjustments to:			
Revenues for tax accruals, interest, and other deferrals and accruals	1,666,660	23,966	(2,569)
Expenses for payables, prepaid expenses and other accruals	(6,149,686)	211,827	(12,870)
Change in net assets (budget basis)	$ (544,912)	$654,683	$302,866

D. Deficit Fund Equity

No funds reported a deficit in fund balance as of June 30, 2009.

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Pooled Cash and Investments

Below is a summary of the City's cash and cash equivalents.

	FM Value	Bank Balance	Maturities
Depository Accounts			
Checking	$ 3,959,721	$ 3,014,519	
Money Market	2,705,674	2,706,976	
Cash with Fiscal Agent	3,221,955	3,221,955	
State Investment Pool	23,877	23,877	6.5 Month Average
Certificates of Deposit	23,000,000	23,000,000	Two Years or Less
	32,911,227	31,967,327	
Investments			
Treasury Notes	19,339,248	19,339,248	Six Years or Less
	52,250,475	51,306,575	
Cash on Hand	13,072	0	
	52,263,547	51,306,575	
Component Unit Cash	311,195	311,195	
Total cash and cash equivalents	$52,574,742	$51,617,770	

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Pooled Cash and Investments (Continued)

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

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the even of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2009, the City's bank balance exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$9,726,725

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. At June 30, 2009, the City's investment of New MexiGROW LGIP had a value of $23,877 and a 50 day WAM.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2009, the City's investment in the state investment pool was AAAm by Moody's Investor's Service.

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Accounts Receivable

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

	Unavailable	Unearned
Property taxes	$ 110,951	$ 0
Gross receipts taxes	1,018,542	0
	$1,129,493	$ 0

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

Governmental Activities	General	Major Governmental Fund Environmental Surcharge	Non-major Governmental Funds	Internal Service	Total
Receivables					
Intergovernmental	$ 126,552	$ 0	$ 342,315	$ 0	$ 468,867
Taxes	4,658,432	0	398,683	0	5,057,115
Charges for services	154,744	132,385	30,152	14,296	331,577
Other	(8,156)	17,152	0	0	8,996
Gross Receivables	4,931,572	149,537	771,150	14,296	5,866,555
Allowance for doubtful accounts	(118,056)	(34,194)	(30,152)	(14,296)	(196,698)
Net Receivables	$4,813,516	$ 115,343	$ 740,998	$ 0	$5,669,857

Business-type Activities	Major Proprietary Funds Joint Utilities	Major Proprietary Funds Solid Waste	Non-major Proprietary Funds	Total
Receivables				
Taxes	$ 0	$ 91,661	$ 0	$ 91,661
Charges for services	3,331,114	292,106	99,210	3,722,430
Other	33,087	33,236	(29,109)	37,214
Gross Receivables	3,364,201	417,003	70,101	3,851,305
Allowance for doubtful accounts	(979,219)	(85,722)	(39,872)	(1,104,813)
Net Receivables	$ 2,384,982	$331,281	$ 30,229	$2,746,492

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 7,383,732	$ 0	$ 0	$ 0	$ 7,383,732
Capital assets, being depreciated					
Buildings	73,470,446	641,094	0	0	74,111,540
Infrastructure	35,183,434	940,053	0	0	36,123,487
Equipment	15,754,186	1,487,610	(1,760,200)	124,707	15,606,303
Total capital assets, being depreciated	124,408,066	3,068,757	(1,760,200)	124,707	125,841,330
Less accumulated depreciation for:					
Buildings	(19,247,640)	(1,883,050)	0	0	(21,130,690)
Infrastructure	(14,794,729)	(1,286,474)	0	0	(16,081,203)
Equipment	(13,508,891)	(1,021,134)	1,760,200	(124,707)	(12,894,532)
Total accumulated depreciation	(47,551,260)	(4,190,658)	1,760,200	(124,707)	(50,106,425)
Total capital assets, net of depreciation	76,856,806	(1,121,901)	0	0	75,734,905
Governmental activities capital assets, net	$ 84,240,538	$ (1,121,901)	$ 0	$ 0	$ 83,118,637

	Beginning Balance	Additions	Deletions	Adjustments & Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated					
Land	$ 483,907	$ 0	$ 0	$ 0	$ 483,907
Capital assets, being depreciated					
Distribution systems	46,508,276	3,747,328	0		50,255,604
Buildings	33,864,909	548,724	0		34,413,633
Equipment	10,417,925	739,791	0	(124,707)	11,033,009
Total capital assets, being depreciated	90,791,110	5,035,843	0	(124,707)	95,702,246
Less accumulated depreciation for:					
Distribution systems	(20,946,958)	(1,260,909)	0	0	(22,207,867)
Buildings	(11,556,100)	(862,793)	0	0	(12,418,893)
Equipment	(7,590,435)	(925,194)	0	124,707	(8,390,922)
Total accumulated depreciation	(40,093,493)	(3,048,896)	0	124,707	(43,017,682)
Total capital assets, net of depreciation	50,697,617	1,986,947	0	0	52,684,564
Business-type activities capital assets, net	$ 51,181,524	$ 1,986,947	$ 0	$ 0	$ 53,168,471

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

Governmental Activities	
General government	$ 1,150,754
Culture and recreation	898,477
Public safety	1,680,035
Health and welfare	129,073
Public works	332,319
Total Depreciation Expense – Governmental Activities	$ 4,190,658

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-type Activities	
Electric	$ 493,296
Wastewater	975,592
Water	1,042,820
Administration	6,858
Sanitation	521,891
Culture and recreation	8,439
Total Depreciation Expense – Business-type Activities	$ 3,048,896

D. Internal Balances

Receivables and payables from inter-fund transactions are the result of cash overdrafts. Below are inter-fund balances as of June 30, 2009.

GOVERNMENTAL ACTIVITIES	
Due to General Fund from	
Non-major Capital Project Fund	$100,000

Net operating transfers are as follows:

	Transfer In	Transfer Out	Transfer Out Purpose
MAJOR FUNDS			
Governmental Activities			
General Fund	$ 2,689,821	$ 5,644,191	Operating subsidies, debt services, and capital project transfers
Business-type Activities			
Joint Utilities	2,810,204	4,909,758	Debt service and operating subsidies
Solid Waste	0	324,106	Operating subsidy
Total Major Funds	5,500,025	10,878,055	
NON-MAJOR FUNDS			
Governmental Activities			
Non-major Funds	7,628,958	2,317,900	Operating subsidies, debt services, and capital project transfers
Business-type Activities			
Non-major Funds	66,972	0	Operating subsidy
Total Non-major Funds	7,695,930	2,317,900	
Total Funds	$13,195,955	$13,195,955	

E. Leases

Operating Leases

The City leases office equipment, machinery, golf carts, and a fire truck under short-term cancelable operating leases. Rental expenses for the year ended June 30, 2009 was $504,068.

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Liabilities

Landfill Closure Costs

State and Federal laws and regulations required that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. In addition to operating expenditures related to current activities of the landfill, an expenditure provision and related liability are being recognized based on the future post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. As of June 30, 2009, the landfill is closed and post-closure monitoring activities were taking place. The Solid Waste Enterprise Fund accounts for the landfill post-closure care costs and had accrued $340,000 as of year-end, which is 100% of the capacity consumed at that date. The City does not foresee changes in technology, inflation or environmental standards that would result in significant modification to our estimate. The primary source of repayment is from Gross Receipts Tax.

General Obligation Bonds

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in February 2004 was $7,305,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as twenty (20) year serial bonds with equal amounts of principal maturing each year. Shortly after the bonds were issued, the City refinanced these bonds with a loan from the New Mexico Finance Authority. By doing so the City shortened the life of the bonds to seventeen (17) years and tied into interest rates ranging from 0.87% to 4.22%. Principal is paid annually each August and interest is paid semiannually each February and August. Payments range from $40,696 to $250,170. General obligation bonds currently outstanding are as follows:

Year	Principal	Interest
2010	$ 485,000	$ 168,032
2011	510,000	154,481
2012	540,000	138,794
2013	570,000	121,245
2014	600,000	101,959
2015-2019	1,945,000	237,905
2020-2021	480,000	20,373
	$5,130,000	$ 942,789

Sales Tax Revenue Bonds

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

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Liabilities (Continued)

Sales tax bonds outstanding at year end are as follows:

	Amount	Maturity Date
February 2004		
Capital Projects	$ 9,670,000	June 1, 2024
Capital Projects	3,955,000	June 1, 2015
	13,625,000	
November 2000		
Infrastructure	4,110,000	June 1, 2016
	$17,735,000	

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

Year	Principal	Interest
2010	$ 785,000	$ 606,265
2011	815,000	578,115
2012	850,000	545,077
2013	885,000	508,477
2014	745,000	468,140
2015-2019	4,275,000	1,808,408
2020-2024	5,270,000	807,100
	$13,625,000	$ 5,321,582

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

Year	Principal	Interest
2010	$ 505,000	$ 210,564
2011	530,000	184,051
2012	555,000	158,081
2013	585,000	130,331
2014	615,000	100,496
2015-2016	1,320,000	104,415
	$4,110,000	$ 887,938

Revenue Bonds

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

Revenue bonds outstanding at year end are as follows:

	Amount	Maturity Date
March 2004		
Capital Projects	$ 2,615,000	June 1, 2023
January 2005		
Capital Projects	20,045,000	June 1, 2025
	$22,660,000	

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Liabilities (Continued)

Revenue bond debt service requirements to maturity are as follows:

Year	Principal	Interest
2010	$ 1,155,000	$ 1,001,771
2011	1,210,000	964,609
2012	1,250,000	923,034
2013	1,290,000	877,118
2014	1,345,000	826,639
2015-2019	7,645,000	3,210,956
2020-2024	7,375,000	1,372,245
2025	1,390,000	69,500
	$ 22,660,000	$ 9,245,872

Capital Loans

The City has also issued low interest rate loans provided by intergovernmental agencies for the acquisition of minor equipment needs and construction of major capital facilities. Capital loans have been issued for both governmental and business-type activities. The original amount of capital loans issued in prior years was $8,721,827.

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

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

Year	Principal	Interest
2010	$ 19,203	$ 57,333
2011	86,630	56,613
2012	89,913	53,338
2013	93,329	49,930
2014	96,894	46,375
2015-2019	544,082	172,410
2020-2023	519,240	54,164
	$1,449,291	$490,163

The City also had obtained a loan from the New Mexico Finance Authority in January 2001 for the purchase of equipment. The original amount of the loan was $2,082,222 with interest ranging from 4.3% to 4.87%. The term of the loan is ten (10) years with payments commencing May 2010. Principal is paid annually each May and interest is paid semiannually each November and May. Payments range from $89,907 to $277,779.

Debt service requirement to maturity of this loan is as follows:

Year	Principal	Interest
2010	$ 270,845	$ 13,190

NOTE 4: DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Liabilities (Continued)

The Joint Utilities Fund received a loan not to exceed $5,187,000 from the New Mexico Environment Department in September 1999. These funds will be used for the construction of a new lift station and for substantial upgrades at the wastewater plant. The final close out of the loan was on January 31, 2003, with the City's first payment due December 13, 2003. Pledged revenues after payment of operation and maintenance expenses will repay the loan over a fifteen (15) year period, at an interest rate of 3.0%. Annual payments total $434,497.

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

Year	Principal	Interest
2010	$ 333,006	$ 101,491
2011	342,996	91,501
2012	353,286	81,211
2013	363,885	70,613
2014	374,801	59,696
2015-2018	1,615,069	122,920
	$3,383,043	$ 527,432

Changes in Long-Term Liabilities

In prior years, unamortized bond premiums were classified as other assets. The City has reclassified these amounts as a part of long-term liabilities (debt). Long-term liability activity for the year ended June 30, 2009 was as follows:

	Outstanding 07/01/08	Additions	Reductions	Outstanding 06/30/09	Due Within One Year
Governmental Activities					
General obligation bonds	$ 5,590,000	$ 0	$ 460,000	$ 5,130,000	$ 485,000
Sales tax bonds	18,980,000	0	1,245,000	17,735,000	1,290,000
Capital loans	1,981,219	0	261,083	1,720,136	290,048
Bond premiums	213,631	0	12,943	200,688	0
Compensated absences	648,874	76,824	22,320	703,378	0
Claims and judgments	1,411,783	(135,507)	112,809	1,163,467	0
Total Governmental Activities	28,825,507	(58,683)	2,114,155	26,652,669	2,065,048
Business-type Activities					
Landfill closure	360,000	0	20,000	340,000	0
Revenue bonds	23,910,000	0	1,250,000	22,660,000	1,155,000
Capital loans	3,706,350	0	323,307	3,383,043	333,006
Bond premiums	489,667	0	30,518	459,149	0
Compensated absences	220,307	0	24,047	196,260	0
Total Business-type Activities	28,686,324	0	1,647,872	27,038,452	1,488,006
Total Primary Government	$57,511,831	$ (58,683)	$ 3,762,027	$53,691,121	$3,553,054

In prior years, the General Fund was typically used to liquidate long-term liabilities other than debt.

NOTE 5: OTHER INFORMATION (CONTINUED)

G. Restricted Assets

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

Business-type Activities	
Restricted for meter deposits	$ 739,013
Restricted for debt service	4,704,130
Restricted for construction	3,764,365
Total Primary Government	$9,207,508

NOTE 5: OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City established a limited risk management program for workers' compensation in Fiscal Year 1988. A New Mexico Self Insurers' Fund is the third party administrator of this program. Premiums are paid into the Risk Management Internal Service fund by all other funds and are available to pay claims, claims reserves and administrative costs of the program. Net assets are designated to cover claims that have been incurred but not reported. In fiscal year 2009 net assets increased by $346,478.

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

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

Beginning of year balance	$1,411,783
Claims and estimates incurred	(135,507)
Payments on claims	(112,809)
End of year balance	$1,163,467

NOTE 5: OTHER INFORMATION (CONTINUED)

B. Segment Information - Enterprise Funds

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

CONDENSED STATEMENT OF NET ASSETS	Wastewater	Water
ASSETS		
Current assets	$ 6,606,804	$ 6,986,682
Capital assets	22,012,025	23,661,638
Non-current assets	71,758	90,299
Total Assets	$28,690,587	$ 30,738,619
LIABILITIES		
Current liabilities	$ 199,218	$ 183,053
Payable from restricted	79,292	131,929
Non-current liabilities	15,509,325	11,045,405
Total Liabilities	15,787,835	11,360,387
NET ASSETS		
Investment in capital assets, net of related debt	6,718,982	12,911,638
Unrestricted	6,183,770	6,466,594
Total Net Assets	12,902,752	19,378,232
Total Liabilities and Net Assets	$28,690,587	$ 30,738,619

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	Wastewater	Water
Operating revenues	$ 3,116,337	$ 5,185,055
Personnel services	(369,243)	(593,297)
Depreciation expense	(975,592)	(1,042,820)
Amortization expense	8,698	10,587
Operating expenses	(989,614)	(2,349,615)
Net Operating Income/(Loss)	790,586	1,209,910
Non-operating revenues (expenses)		
Interest income	215,207	104,693
Interest and other charges	(654,423)	(484,873)
Transfers from (to) other funds	815,971	(2,343,902)
Change in net assets	1,167,341	(1,514,172)
Beginning Net Assets	11,735,411	20,892,404
Ending Net Assets	$ 12,902,752	$ 19,378,232

CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided by (used for):		
Operating activities	$ 1,426,504	$ 2,031,326
Non-capital financing activities	815,971	(2,343,902)
Investing activities	215,207	104,693
Capital financing activities	(1,649,552)	(5,246,553)
Net increase (decrease) in cash and cash equivalents	808,130	(5,454,436)
Beginning cash and cash equivalents	5,284,625	11,598,588
Ending cash and cash equivalents	$ 6,092,755	$ 6,144,152

NOTE 5: OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities

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

The City was a defendant in various claims and lawsuits at June 30, 2009. Although the outcome of these suits and claims is not presently determinable, it is the opinion of legal counsel that all claims were within insurance policy limits or risk management provisions.

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

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

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

D. PERA Pension Plan

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

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

NOTE 5: OTHER INFORMATION (CONTINUED)

D. PERA Pension Plan (Continued)

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

The state legislature may amend contribution requirements specified under the statute. . All amounts expended were equal to the required contribution amounts for each year. The City's contributions to PERA for the years ending 2009, 2008, and 2007 are as follows:

	FY 2009	FY 2008	FY 2007
Firefighters	$ 508,287	$ 473,034	$ 384,892
Police Officers	736,749	630,956	547,549
Adult Detention Officers	0	2,495	18,853
Regular	1,580,769	1,605,174	1,504,785
TOTAL GOVERNMENT	$2,825,805	$2,711,659	$2,456,079

E. Post Employment Benefits

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

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

ANNUAL COST: During the fiscal year ended June 30, 2009, the City remitted $159,289 in employer contributions to the Retiree Health Care Authority. The City's annual cost, for the preceding two years were $157,274 and $151,695, respectively.

NOTE 5: OTHER INFORMATION (CONTINUED)

F. Retirement Plan

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

The City approved an optional 401 EX (A) plan on March 19, 2001, with implementation on April 18, 2001. This deferred compensation plan was created in accordance with IRC Section 401. The plan is available for any City employee who is covered under a retirement plan other than PERA and who is exempt from PERA coverage, under PERA rules. The City's contribution percentage is equal to 19.01% of the employee's gross salary. Employees have the option to make employee contributions to the plan. International City/County Managers Association (ICMA) Retirement Corporation administers the plan. One City employee participated in the plan. As of June 30, 2009, the City's contributions totaled $3,992, which equaled the required contribution amounts for the year.

The City provides two (2) optional deferred compensation 457 plans. These plans were created in accordance with IRC Section 457. The plans are available to any City employee. Nationwide Retirement Solutions, Inc. and International City/County Managers Association (ICMA) Retirement Corporation administer the individual plans. Employee contributions totaled $141,217 ($113,356 Nationwide and $27,861 ICMA) for the year ending June 30, 2009.

G. Labor Unions

On October 14, 2009, the City and the Gallup Firefighters Union adopted a collective bargaining agreement. The terms of the agreement shall continue in full force and terminate on October 13, 2012. Employees covered under this plan include non-probationary firefighters up to the rank of battalion commanders.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON MAJOR GOVERMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

NON MAJOR GOVERMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

Law Enforcement Block Grant Fund accounts for the accumulation of resources received from the U.S. Department of Justice (CFDA 16.592). The funds are to be spent on police equipment, other allowable program expenses, and these resources and any other matching funds can earn interest (Resolution R2002-10).

DEBT SERVICE FUNDS

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

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

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

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

NON MAJOR GOVERMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	SPECIAL REVENUE FUNDS					
	Correction Fees	Emergency Medical Services	Fire	Law Enforcement Protection	Special Library	Lodgers' Tax
ASSETS						
Cash and cash equivalents	$ 463,201	$ -	$ 147,226	$ 4,106	$ 76,547	$ 295,973
Investments	-	-	-	-	-	600,000
Accounts receivable, net	-	-	-	-	-	143,448
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 463,201	$ -	$ 147,226	$ 4,106	$ 76,547	$ 1,039,421
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 4,643	$ 1,314	$ 156	$ 17,730
Accrued wages and taxes	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Payable from restricted	-	-	-	-	-	-
Total Liabilities	-	-	4,643	1,314	156	17,730
FUND BALANCES						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	3,889	22,502	-	(22)	42,618
Unreserved, reported in:						
General fund	-	-	-	-	-	-
Special revenue funds	463,201	(3,889)	120,081	2,792	76,413	979,073
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total Fund Balances	463,201	-	142,583	2,792	76,391	1,021,691
Total Liabilities and Fund Balances	$ 463,201	$ -	$ 147,226	$ 4,106	$ 76,547	$ 1,039,421

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008

	SPECIAL REVENUE FUNDS					
	Municipal Gas Tax	**Juvenile Recreation**	**Intergovern-mental Grants**	**Senior Citizens**	**Na' Nizhoozhi Center**	**Community Development**
ASSETS						
Cash and cash equivalents	$ 397,915	$ 52,012	$ 66,632	$ 2,644	$ 14,377	$ 18,656
Investments	630,000	-	-	-	-	140,000
Accounts receivable, net	198,552	2,318	61,200	99,138	-	24,128
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 1,226,467	$ 54,330	$ 127,832	$ 101,782	$ 14,377	$ 182,784
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 335,412	$ 140	$ 10,365	$ 10,984	$ -	$ 6,314
Accrued wages and taxes	34,103	-	-	6,455	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	39,825	597	-	-	-	-
Payable from restricted	-	-	-	-	-	-
Total Liabilities	409,340	737	10,365	17,439	-	6,314
FUND BALANCES						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	425,251	7,909	10,601	607	-	57,787
Unreserved, reported in:						
General fund	-	-	-	-	-	-
Special revenue funds	391,876	45,684	106,866	83,736	14,377	118,683
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total Fund Balances	817,127	53,593	117,467	84,343	14,377	176,470
Total Liabilities and Fund Balances	$ 1,226,467	$ 54,330	$ 127,832	$ 101,782	$ 14,377	$ 182,784

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008

			DEBT SERVICE FUNDS			
	Law Enforcement Block Grant	**Subtotal Special Revenue Funds**	**02/04 Sales Tax Revenue Bonds**	**NM Finance Authority Loans**	**11/00 Sales Tax Bonds**	**Subtotal Debt Service Funds**
ASSETS						
Cash and cash equivalents	$ 1,138	$ 1,540,427	$ 26,644	$ 533,308	$ 7,597	$ 567,549
Investments	-	1,370,000	55,000	800,000	75,000	930,000
Accounts receivable, net	-	528,784	-	54,365	-	54,365
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 1,138	$ 3,439,211	$ 81,644	$ 1,387,673	$ 82,597	$ 1,551,914
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	387,058	$ -	$ -	$ -	$ -
Accrued wages and taxes	-	40,558	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	40,422	-	32,988	-	32,988
Payable from restricted	-	-	-	-	-	-
Total Liabilities	-	468,038	-	32,988	-	32,988
FUND BALANCES						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	571,142	-	-	-	-
Unreserved, reported in:		-				
General fund	-	-	-	-	-	-
Special revenue funds	1,138	2,400,031	-	-	-	-
Debt service funds	-	-	81,644	1,354,685	82,597	1,518,926
Capital projects funds	-	-	-	-	-	-
Total Fund Balances	1,138	2,971,173	81,644	1,354,685	82,597	1,518,926
Total Liabilities and Fund Balances	$ 1,138	$ 3,439,211	$ 81,644	$ 1,387,673	$ 82,597	$ 1,551,914

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008

	CAPITAL PROJECT FUNDS					
	Airport	Infrastructure GRT	11/00 Sales Tax Bonds	Legislative Appropriations	General Obligation Bond Projects	02/04 Sales NonTax Bonds
ASSETS						
Cash and cash equivalents	$ 183,065	$ 637,569	$ 101,895	$ 94,173	$ 128,247	$ 25,237
Investments	-	880,000	145,000	-	-	-
Accounts receivable, net	-	-	-	97,849	-	-
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	$ 183,065	$ 1,517,569	$ 246,895	$ 192,022	$ 128,247	$ 25,237
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 78,652	$ 2,692	$ -
Accrued wages and taxes	-	-	-	-	-	-
Due to other funds	-	-	-	100,000	-	-
Deferred revenue	-	-	-	-	-	-
Payable from restricted	-	-	-	-	-	-
Total Liabilities	-	-	-	178,652	2,692	-
FUND BALANCES						
Reserved for:						
Inventories	-	-	-	-	-	-
Encumbrances	-	505,546	12,951	88,917	24,937	13,326
Unreserved, reported in:						
General fund	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Debt service funds	-	-	-	-		-
Capital projects funds	183,065	1,012,023	233,944	(75,547)	100,618	11,911
Total Fund Balances	183,065	1,517,569	246,895	13,370	125,555	25,237
Total Liabilities and Fund Balances	$ 183,065	$ 1,517,569	$ 246,895	$ 192,022	$ 128,247	$ 25,237

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2008

	CAPITAL PROJECT FUNDS			Total
	02/04 Sales Tax Bonds	Public Works	Subtotal Capital Project Funds	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 54,943	$ 706,478	$ 1,931,607	$ 4,039,583
Investments	-	1,000,000	2,025,000	4,325,000
Accounts receivable, net	-	60,000	157,849	740,998
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Total Assets	$ 54,943	$ 1,766,478	$ 4,114,456	$ 9,105,581
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 95,118	$ 176,462	563,520
Accrued wages and taxes	-	-	-	40,558
Due to other funds	-	-	100,000	100,000
Deferred revenue	-	-	-	73,410
Payable from restricted	-	-	-	-
Total Liabilities	-	95,118	276,462	777,488
FUND BALANCES				
Reserved for:				
Inventories	-	-	-	-
Encumbrances	3,015	570,384	1,219,076	1,790,218
Unreserved, reported in:				
General fund	-	-	-	-
Special revenue funds	-	-	-	2,400,031
Debt service funds	-	-	-	1,518,926
Capital projects funds	51,928	1,100,976	2,618,918	2,618,918
Total Fund Balances	54,943	1,671,360	3,837,994	8,328,093
Total Liabilities and Fund Balances	$ 54,943	$ 1,766,478	$ 4,114,456	$ 9,105,581

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					
	Correction Fees	Emergency Medical Services	Fire	Law Enforcement Protection	Special Library	Lodgers' Tax
REVENUES						
Intergovernmental income	$ -	$ -	$ 360,552	$ 61,800	$ 24,328	$ -
Taxes	-	-	-	-	-	1,125,293
Operating grant - taxes	-	-	-	-	-	-
Charges for services	152,658	-	-	-	8,954	-
Miscellaneous income	-	-	-	-	-	-
Interest income	9,804	2	9,482	60	49	9,613
Total Revenues	162,462	2	370,034	61,860	33,331	1,134,906
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	31,178	466,559
Public safety	45,418	27,299	102,235	62,698	-	-
Health and welfare	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	-	420,841	32,284	6,725	1,343
Total Expenditures	45,418	27,299	523,076	94,982	37,903	467,902
Excess (Deficiency) of Revenues Over Expenditures	117,044	(27,297)	(153,042)	(33,122)	(4,572)	667,004
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	-	25,893	2,703	-	-	-
Operating transfers out	-	-	(105,186)	-	-	(180,000)
Total Other Financing Sources (Uses	-	25,893	(102,483)	-	-	(180,000)
Net Change in Fund Balances	117,044	(1,404)	(255,525)	(33,122)	(4,572)	487,004
Fund Balance, Beginning of Year	346,157	1,404	398,108	35,914	80,963	534,687
Fund Balance, End of Year	$ 463,201	$ -	$ 142,583	$ 2,792	$ 76,391	$ 1,021,691

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					
	Municipal Gas Tax	**Juvenile Recreation**	**Intergovern-mental Grants**	**Senior Citizens**	**Na' Nizhoozhi Center**	**Community Development**
REVENUES						
Intergovernmental income	$ -	$ -	$ 112,642	$ 322,103	$ -	$ 45,000
Taxes	-	-	-	-	-	-
Operating grant - taxes	828,295	11,618	-	-	-	-
Charges for services	1	-	-	-	-	-
Miscellaneous income	-	-	-	48,169	-	-
Interest income	(4,820)	73	-	40	18	(2,048)
Total Revenues	823,476	11,691	112,642	370,312	18	42,952
EXPENDITURES						
Current:						
General government	-	-	(26,603)	-	-	-
Culture and recreation	-	26,746	15,120	-	-	-
Public safety	-	-	73,302	-	-	-
Health and welfare	-	-	-	317,664	-	-
Public works	2,012,601	-	6,000	-	-	16,010
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	603,093	-	103,945	-	-	16,746
Total Expenditures	2,615,694	26,746	171,764	317,664	-	32,756
Excess (Deficiency) of Revenues Over Expenditures	(1,792,218)	(15,055)	(59,122)	52,648	18	10,196
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	1,763,850	-	-	10,000	-	-
Operating transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses	1,763,850	-	-	10,000	-	-
Net Change in Fund Balances	(28,368)	(15,055)	(59,122)	62,648	18	10,196
Fund Balance, Beginning of Year	845,495	68,648	176,589	21,695	14,359	166,274
Fund Balance, End of Year	$ 817,127	$ 53,593	$ 117,467	$ 84,343	$ 14,377	$ 176,470

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

			DEBT SERVICE FUNDS			
	Law Enforcement Block Grant	Subtotal Special Revenue Funds	02/04 Sales Tax Revenue Bonds	NM Finance Authority Loans	11/00 Sales Tax Bonds	Subtotal Debt Service Funds
REVENUES						
Intergovernmental income	$ -	$ 926,425	$ -	$ -	$ -	$ -
Taxes	-	1,125,293	-	744,619	-	744,619
Operating grant - taxes	-	839,913	-	-	-	-
Charges for services	-	161,613	-	-	-	-
Miscellaneous income	-	48,169	-	-	-	-
Interest income	1	22,274	4,726	4,850	(2,195)	7,381
Total Revenues	1	3,123,687	4,726	749,469	(2,195)	752,000
EXPENDITURES						
Current:						
General government	-	(26,603)	-	-	-	-
Culture and recreation	-	539,603	-	-	-	-
Public safety	-	310,952	-	-	-	-
Health and welfare	-	317,664	-	-	-	-
Public works	-	2,034,611	-	-	-	-
Debt service:		-				
Principal retirement	-	-	765,000	721,083	480,000	1,966,083
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	627,588	312,047	233,844	1,173,479
Capital outlay	-	1,184,977	-	-	-	-
Total Expenditures	-	4,361,204	1,392,588	1,033,130	713,844	3,139,562
Excess (Deficiency) of Revenues Over Expenditures	1	(1,237,517)	(1,387,862)	(283,661)	(716,039)	(2,387,562)
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	-	1,802,446	1,397,600	389,898	713,856	2,501,354
Operating transfers out	-	(285,186)	-	(268,864)	-	(268,864)
Total Other Financing Sources (Uses	-	1,517,260	1,397,600	121,034	713,856	2,232,490
Net Change in Fund Balances	1	279,743	9,738	(162,627)	(2,183)	(155,072)
Fund Balance, Beginning of Year	1,137	2,691,430	71,906	1,517,312	84,780	1,673,998
Fund Balance, End of Year	$ 1,138	$ 2,971,173	$ 81,644	$ 1,354,685	$ 82,597	$ 1,518,926

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

	CAPITAL PROJECT FUNDS					
	Airport	Infrastructure GRT	11/00 Sales Tax Bonds	Legislative Appropriations	General Obligation Bond Projects	02/04 Sales Non Tax Bonds
REVENUES						
Intergovernmental income	$ 14,949	$ -	$ -	$ 415,568	$ -	$ -
Taxes	-	-	-	-	-	-
Operating grant - taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-
Interest income	11,483	(3,842)	1,824	26	5,419	93
Total Revenues	26,432	(3,842)	1,824	415,594	5,419	93
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Public works	-	-	26,624	125,310	55,087	19,891
Debt service:						
Principal retirement	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	5,250	21,381	(615)	182,073	116,874	42,633
Total Expenditures	5,250	21,381	26,009	307,383	171,961	62,524
Excess (Deficiency) of Revenues Over Expenditures	21,182	(25,223)	(24,185)	108,211	(166,542)	(62,431)
OTHER FINANCING SOURCES (USES)						
Bond and loan proceeds	-	-	-	-	-	-
Operating transfers in	-	2,420,004	-	-	-	-
Operating transfers out	-	(1,763,850)	-	-	-	-
Total Other Financing Sources (Uses	-	656,154	-	-	-	-
Net Change in Fund Balances	21,182	630,931	(24,185)	108,211	(166,542)	(62,431)
Fund Balance, Beginning of Year	161,883	886,638	271,080	(94,841)	292,097	87,668
Fund Balance, End of Year	$ 183,065	$ 1,517,569	$ 246,895	$ 13,370	$ 125,555	$ 25,237

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

	CAPITAL PROJECT FUNDS			Total
	02/04 Sales Tax Bonds	Public Works	Subtotal Capital Project Funds	Nonmajor Governmental Funds
REVENUES				
Intergovernmental income	$ -	$ 490,000	$ 920,517	$ 1,846,942
Taxes	-	-	-	1,869,912
Operating grant - taxes	-	-	-	839,913
Charges for services	-	-	-	161,613
Miscellaneous income	-	-	-	48,169
Interest income	84	4,923	20,010	49,665
Total Revenues	84	494,923	940,527	4,816,214
EXPENDITURES				
Current:				
General government	-	-	-	(26,603)
Culture and recreation	-	-	-	539,603
Public safety	-	-	-	310,952
Health and welfare	-	-	-	317,664
Public works	-	20,629	247,541	2,282,152
Debt service:			-	
Principal retirement	-	-	-	1,966,083
Bond issue costs	-	-	-	-
Interest and other charges	-	-	-	1,173,479
Capital outlay	10,133	704,839	1,082,568	2,267,545
Total Expenditures	10,133	725,468	1,330,109	8,830,875
Excess (Deficiency) of Revenues Over Expenditures	(10,049)	(230,545)	(389,582)	(4,014,661)
OTHER FINANCING SOURCES (USES)				
Bond and loan proceeds	-	-	-	-
Operating transfers in	-	905,154	3,325,158	7,628,958
Operating transfers out	-	-	(1,763,850)	(2,317,900)
Total Other Financing Sources (Uses	-	905,154	1,561,308	5,311,058
Net Change in Fund Balances	(10,049)	674,609	1,171,726	1,296,397
Fund Balance, Beginning of Year	64,992	996,751	2,666,268	7,031,696
Fund Balance, End of Year	$ 54,943	$ 1,671,360	$ 3,837,994	$ 8,328,093

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

ENTERPRISE FUNDS

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

NON-MAJOR ENTERPRISE FUNDS

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

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

The GMADC Fund accounts for the City's and County's joint venture jail operation. Activities of the fund include the administration, operation, and maintenance of the jail. All costs are financed through prisoner care charges for the housing of inmates from neighboring communities.

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2009

	The Fitness Center	Wrangler Junior High School Rodeo	Gamerco Billings	Total Nonmajor Proprietary Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 209,090	$ 471,951	$ 740,520	$ 1,421,561
Investments	-	-	-	-
Accounts receivable, net	19,490	2,610	8,129	30,229
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Total Current Assets	228,580	474,561	748,649	1,451,790
NONCURRENT ASSETS				
Restricted cash and cash equivalents	-	-	5,759	5,759
Capital assets:				
Land	21,879	-	-	21,879
Distribution and collections systems	-	-	-	-
Buildings and improvements	291,429	-	-	291,429
Equipment	6,921	-	-	6,921
Less accumulated depreciation	(53,711)	-		(53,711)
Deferred charges	-	-	-	-
Total Noncurrent Assets	266,518	-	5,759	272,277
Total Assets	495,098	474,561	754,408	1,724,067
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,925	17,984	-	19,909
Accrued wages and taxes	5,234	-	-	5,234
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Compensated absences	6,660	-	-	6,660
Claims and judgements	-	-	-	-
Loans - current	-	-	-	-
Revenue bonds - current	-	-	-	-
Payable from restricted assets	-	-	5,759	5,759
Accrued interest	-	-	-	-
Total Current Liabilities	13,819	17,984	5,759	37,562
NONCURRENT LIABILITIES				
Landfill closure	-	-	-	-
Loans payable	-	-	-	-
Revenue bonds payable (net of unamortized premiums and discounts)	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-
Total Liabilities	13,819	17,984	5,759	37,562
NET ASSETS				
Investment in capital assets, net of related debt	266,518	-	-	266,518
Unrestricted	214,761	456,577	748,649	1,419,987
Total Net Assets	$ 481,279	$ 456,577	$ 748,649	$ 1,686,505

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	The Fitness Center	Wrangler Junior High School Rodeo	Gamerco Billings	Total Nonmajor Proprietary Funds
OPERATING REVENUES				
Intergovernmental income	$ -	$ 100,000	$ -	$ 100,000
Taxes	-	-	-	-
Operating grants - taxes	-	-	-	-
Charges for services	188,972	232,981	392,468	814,421
Miscellaneous income	11,697	217,931	6,755	236,383
Assessments	-	-	-	-
Total Operating Revenues	200,669	550,912	399,223	1,150,804
OPERATING EXPENSES				
Personnel services	118,250	-	-	118,250
Depreciation expense	8,439	-	-	8,439
Operating expenses	118,787	533,029	134,802	786,618
Total Operating Expenses	245,476	533,029	134,802	913,307
Operating Income (Loss)	(44,807)	17,883	264,421	237,497
NONOPERATING REVENUES (EXPENSES)				
Loss on sale of fixed assets	-	-	-	-
Interest income	3,746	89	10,002	13,837
Bond issue costs	-	-	-	-
Interest expense	-	-	-	-
Total Nonoperating Revenues (Expenses)	3,746	89	10,002	13,837
Income (Loss) Before Operating Trans	(41,061)	17,972	274,423	251,334
NET OPERATING TRANSFERS IN (OUT)				
Operating transfers from other funds	66,972	-	-	66,972
Operating transfers to other funds	-	-	-	-
Net Operating Transfers In (Out)	66,972	-	-	66,972
Change in Net Assets	25,911	17,972	274,423	318,306
Total Net Assets, Beginning of Year	455,368	438,605	474,226	1,368,199
Total Net Assets, End of Year	$ 481,279	$ 456,577	$ 748,649	$ 1,686,505

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

STATE OF NEW MEXICO
CITY OF GALLUP
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	The Fitness Center	Wrangler Junior High School Rodeo	Gamerco Billings	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 181,179	$ 548,302	$ 419,864	$ 1,149,345
Cash paid to suppliers for goods and services	(123,920)	(550,175)	(134,802)	(808,897)
Cash paid to employees for services	(118,391)	-	-	(118,391)
Cash received from other funds for services	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(61,132)	(1,873)	285,062	222,057
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies (to) from other funds	66,972	-	-	66,972
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	3,746	89	10,002	13,837
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of capital assets	-	-	-	-
Acquisition of capital assets	-	-	-	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	9,586	(1,784)	295,064	302,866
Cash and Cash Equivalents, Beginning of Year	199,504	473,735	451,215	1,124,454
Cash and Cash Equivalents, End of Year	$ 209,090	$ 471,951	$ 746,279	$ 1,427,320
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ (44,807)	$ 17,883	$ 264,421	$ 237,497
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	8,439	-	-	8,439
(Increase) decrease in accounts receivable	(19,490)	(2,610)	16,878	(5,222)
Increase (decrease) in provision for doubtful accounts	-	-	2,306	2,306
(Increase) decrease in inventories	-	-	-	-
Increase (decrease) in accounts payable	(5,133)	(17,146)	-	(22,279)
Increase (decrease) in accrued wages and taxes	(315)	-	-	(315)
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in compensated absence	174	-	-	174
Increase (decrease) in claims and adjustmer	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Increase in payable from restricted assets	-	-	1,457	1,457
Decrease in landfill postclosure	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	$ (61,132)	$ (1,873)	$ 285,062	$ 222,057

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

FIDUCIARY (AGENCY) FUNDS

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

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

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

The Community Development Block Grant (CDBG) Loan Reserve Fund accounts for the expenditure of funds provided by the Department of Housing and Urban Development (HUD) for the improvement of "Metropolitan Redevelopment District." The City acts as agent for persons receiving loans both during the construction phase and until loans have been retired.

STATE OF NEW MEXICO
CITY OF GALLUP
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Appearance Bonds	Special Gifts	Total Agency Funds
CASH AND CASH EQUIVALENTS			
Balance as of June 30, 2008	$ 14,907	$ 292,796	$ 307,703
ADDITIONS			
Contributions	82,171	333,297	415,468
Interest income	-	-	-
Total Additions	82,171	333,297	415,468
DEDUCTIONS			
Refunds of contributions	$ 84,453	$ 271,058	$ 355,511
Total Deductions	84,453	271,058	355,511
Balance as of June 30, 2009	$ 12,625	$ 355,035	$ 367,660
ACCOUNTS PAYABLE			
Balance as of June 30, 2008	$ -	$ 1,163	$ 1,163
ADDITIONS			
Contributions	-	90,472	90,472
Interest income	-	-	-
Total Additions	-	90,472	90,472
DEDUCTIONS			
Refunds of contributions	$ -	$ 88,623	$ 88,623
Total Deductions	-	88,623	88,623
Balance as of June 30, 2009	$ -	$ 3,012	$ 3,012
SPECIAL PROJECTS PAYABLE			
Balance as of June 30, 2008	$ 14,907	$ 291,633	$ 306,540
ADDITIONS			
Contributions	82,171	242,825	324,996
Interest income	-	-	-
Total Additions	82,171	242,825	324,996
DEDUCTIONS			
Refunds of contributions	$ 84,453	$ 182,435	$ 266,888
Total Deductions	84,453	182,435	266,888
Balance as of June 30, 2009	$ 12,625	$ 352,023	$ 364,648

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

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

STATE OF NEW MEXICO
CITY OF GALLUP
CORRECTION FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	50,300	152,658	102,358
Miscellaneous income	-	-	-	-
Interest income	-	-	9,804	9,804
Total Revenues	-	50,300	162,462	112,162
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	50,300	45,418	4,882
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	50,300	45,418	4,882
Excess (Deficiency) of Revenues over Expenditures	-	-	117,044	117,044
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	117,044	$ 117,044
Fund Balance, Beginning of Year			346,157	
Fund Balance, End of Year			$ 463,201	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 117,044	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 117,044	

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

STATE OF NEW MEXICO
CITY OF GALLUP
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ 18,500	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	2	2	-
Total Revenues	18,500	2	2	-
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	37,000	27,299	27,299	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	37,000	27,299	27,299	-
Excess (Deficiency) of Revenues over Expenditures	(18,500)	(27,297)	(27,297)	-
OTHER FINANCING SOURCES (USES)				
Designated cash	-	1,404	-	(1,404)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	18,500	25,893	25,893	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	18,500	27,297	25,893	(1,404)
NET CHANGE IN FUND BALANCE	$ -	$ -	(1,404)	$ (1,404)
Fund Balance, Beginning of Year			1,404	
Fund Balance, End of Year			$ -	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (1,404)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (1,404)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
FIRE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental income	$ 272,080	$ 360,552	$ 360,552	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	9,482	9,482
Total Revenues	272,080	360,552	370,034	9,482
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	113,110	194,706	106,962	87,744
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	50,000	470,841	420,841	50,000
Total Expenditures	163,110	665,547	527,803	137,744
Excess (Deficiency) of Revenues over Expenditures	108,970	(304,995)	(157,769)	147,226
OTHER FINANCING SOURCES (USES)				
Designated cash	-	407,478	-	(407,478)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	2,703	2,703	-
Transfers to other funds	(108,970)	(105,186)	(105,186)	-
Total Other Financing Sources (Uses)	(108,970)	304,995	(102,483)	(407,478)
NET CHANGE IN FUND BALANCE	$ -	$ -	(260,252)	$ (260,252)
Fund Balance, Beginning of Year			407,478	
Fund Balance, End of Year			$ 147,226	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (260,252)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			4,727	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (255,525)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ 95,860	$ 61,800	$ 61,800	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	60	60
Total Revenues	95,860	61,800	61,860	60
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	62,860	62,860	62,539	321
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	33,000	36,009	32,284	3,725
Total Expenditures	95,860	98,869	94,823	4,046
Excess (Deficiency) of Revenues over Expenditures	-	(37,069)	(32,963)	4,106
OTHER FINANCING SOURCES (USES)				
Designated cash	-	37,069	-	(37,069)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	37,069	-	(37,069)
NET CHANGE IN FUND BALANCE	$ -	$ -	(32,963)	$ (32,963)
Fund Balance, Beginning of Year			37,069	
Fund Balance, End of Year			$ 4,106	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (32,963)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			159	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (32,804)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
SPECIAL LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 84,059	$ 84,059	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	8,950	8,954	4
Miscellaneous income	-	-	-	-
Interest income	-	-	49	49
Total Revenues	-	93,009	93,062	53
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	31,271	31,178	93
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	13,619	6,725	6,894
Total Expenditures	-	44,890	37,903	6,987
Excess (Deficiency) of Revenues over Expenditures	-	48,119	55,159	7,040
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 48,119	55,159	$ 7,040
Fund Balance, Beginning of Year			21,388	
Fund Balance, End of Year			$ 76,547	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 55,159	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			(59,731)	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (4,572)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
LODGERS' TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	1,000,000	1,027,000	1,106,267	79,267
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	8,000	8,000	9,613	1,613
Total Revenues	1,008,000	1,035,000	1,115,880	80,880
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	820,000	1,046,100	466,829	579,271
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	10,000	1,343	8,657
Total Expenditures	820,000	1,056,100	468,172	587,928
Excess (Deficiency) of Revenues over Expenditures	188,000	(21,100)	647,708	668,808
OTHER FINANCING SOURCES (USES)				
Designated cash	2,000	201,100	-	(201,100)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(180,000)	(180,000)	(180,000)	-
Total Other Financing Sources (Uses)	(178,000)	21,100	(180,000)	(201,100)
NET CHANGE IN FUND BALANCE	$ 10,000	$ -	467,708	$ 467,708
Fund Balance, Beginning of Year			428,265	
Fund Balance, End of Year			$ 895,973	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 467,708	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			19,026	
Expenditures for payables, prepaid expenditures and other accruals			270	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 487,004	

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

STATE OF NEW MEXICO
CITY OF GALLUP
MUNICIPAL GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 346,000	$ -	$ (346,000)
Taxes	-	-	-	-
Operating grant - taxes	750,000	750,000	796,491	46,491
Charges for services	-	-	1	-
Miscellaneous income	-	-	-	-
Interest income	10,000	10,000	(4,820)	(14,820)
Total Revenues	760,000	1,106,000	791,672	(314,329)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	2,256,850	2,376,239	1,703,121	673,118
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	267,000	882,970	603,093	279,877
Total Expenditures	2,523,850	3,259,209	2,306,214	952,995
Excess (Deficiency) of Revenues over Expenditures	(1,763,850)	(2,153,209)	(1,514,542)	638,667
OTHER FINANCING SOURCES (USES)				
Designated cash	-	389,359	-	(389,359)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,763,850	1,763,850	1,763,850	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	1,763,850	2,153,209	1,763,850	(389,359)
NET CHANGE IN FUND BALANCE	$ -	$ -	249,308	$ 249,308
Fund Balance, Beginning of Year			778,607	
Fund Balance, End of Year			$ 1,027,915	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 249,308	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			31,804	
Expenditures for payables, prepaid expenditures and other accruals			(309,480)	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (28,368)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
JUVENILE RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grants - taxes	12,000	12,000	11,933	(67)
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	73	73
Total Revenues	12,000	12,000	12,006	6
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	12,000	43,339	33,498	9,841
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	12,000	43,339	33,498	9,841
Excess (Deficiency) of Revenues over Expenditures	-	(31,339)	(21,492)	9,847
OTHER FINANCING SOURCES (USES)				
Designated cash	-	31,339	-	(31,339)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	31,339	-	(31,339)
NET CHANGE IN FUND BALANCE	$ -	$ -	(21,492)	$ (21,492)
Fund Balance, Beginning of Year			73,504	
Fund Balance, End of Year			$ 52,012	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (21,492)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			(315)	
Expenditures for payables, prepaid expenditures and other accruals			6,752	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (15,055)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
INTERGOVERNMENTAL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 323,471	$ 73,175	$ (250,296)
Taxes	-	-	-	-
Operating grants - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	-	-
Total Revenues	-	323,471	73,175	(250,296)
EXPENDITURES				
General government	-	59,308	(4,965)	64,273
Culture and recreation	-	31,688	15,119	16,569
Public safety	-	73,367	73,302	65
Health and welfare	-	-	-	-
Public works	-	7,500	6,000	1,500
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	333,702	103,945	229,757
Total Expenditures	-	505,565	193,401	312,164
Excess (Deficiency) of Revenues over Expenditures	-	(182,094)	(120,226)	61,868
OTHER FINANCING SOURCES (USES)				
Designated cash	-	182,094	-	(182,094)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	182,094	-	(182,094)
NET CHANGE IN FUND BALANCE	$ -	$ -	(120,226)	$ (120,226)
Fund Balance, Beginning of Year			186,858	
Fund Balance, End of Year			$ 66,632	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (120,226)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			39,466	
Expenditures for payables, prepaid expenditures and other accruals			21,638	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (59,122)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
SENIOR CITIZENS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ 235,469	$ 553,159	$ 261,019	$ (292,140)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	23,111	46,279	48,169	1,890
Interest income	-	-	40	40
Total Revenues	258,580	599,438	309,228	(290,210)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	258,580	342,119	311,338	30,781
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	199,763	-	199,763
Total Expenditures	258,580	541,882	311,338	230,544
Excess (Deficiency) of Revenues over Expenditures	-	57,556	(2,110)	(59,666)
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 57,556	(2,110)	$ (59,666)
Fund Balance, Beginning of Year			4,754	
Fund Balance, End of Year			$ 2,644	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (2,110)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			71,084	
Expenditures for payables, prepaid expenditures and other accruals			(6,326)	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 62,648	

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

STATE OF NEW MEXICO
CITY OF GALLUP
NA' NIZHOOZI CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	18	18
Total Revenues	-	-	18	18
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	18	18
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	18	$ 18
Fund Balance, Beginning of Year			14,359	
Fund Balance, End of Year			$ 14,377	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 18	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 18	

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

STATE OF NEW MEXICO
CITY OF GALLUP
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 340,711	$ 20,872	$ (319,839)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(2,048)	(2,048)
Total Revenues	-	340,711	18,824	(321,887)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	45,000	16,010	28,990
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	295,711	39,422	256,289
Total Expenditures	-	340,711	55,432	285,279
Excess (Deficiency) of Revenues over Expenditures	-	-	(36,608)	(36,608)
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	(36,608)	$ (36,608)
Fund Balance, Beginning of Year			195,264	
Fund Balance, End of Year			$ 158,656	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (36,608)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			24,128	
Expenditures for payables, prepaid expenditures and other accruals			22,676	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 10,196	

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

STATE OF NEW MEXICO
CITY OF GALLUP
LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	1	1
Total Revenues	-	-	1	1
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	1	$ 1
Fund Balance, Beginning of Year			1,137	
Fund Balance, End of Year			$ 1,138	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 1	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 1	

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

STATE OF NEW MEXICO
CITY OF GALLUP
02/04 SALES TAX REVENUE BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	10,000	10,000	4,725	(5,275)
Total Revenues	10,000	10,000	4,725	(5,275)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	765,000	765,000	765,000	-
Interest and other charges	627,600	627,600	627,587	13
Capital outlay	-	-	-	-
Total Expenditures	1,392,600	1,392,600	1,392,587	13
Excess (Deficiency) of Revenues over Expenditures	(1,382,600)	(1,382,600)	(1,387,862)	(5,262)
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	1,382,600	1,397,605	1,397,600	(5)
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	1,382,600	1,397,605	1,397,600	(5)
NET CHANGE IN FUND BALANCE	$ -	$ 15,005	9,738	$ (5,267)
Fund Balance, Beginning of Year			71,906	
Fund Balance, End of Year			$ 81,644	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 9,738	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 9,738	

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

STATE OF NEW MEXICO
CITY OF GALLUP
NEW MEXICO FINANCE AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	685,000	685,000	747,241	62,241
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	25,000	25,000	4,850	(20,150)
Total Revenues	710,000	710,000	752,091	42,091
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	721,090	721,090	721,083	7
Interest and other charges	312,050	312,050	312,047	3
Capital outlay	-	-	-	-
Total Expenditures	1,033,140	1,033,140	1,033,130	10
Excess (Deficiency) of Revenues over Expenditures	(323,140)	(323,140)	(281,039)	42,101
OTHER FINANCING SOURCES (USES)				
Designated cash	-	202,099	-	(202,099)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	393,690	389,906	389,898	(8)
Transfers to other funds	-	(268,865)	(268,864)	(1)
Total Other Financing Sources (Uses)	393,690	323,140	121,034	(202,108)
NET CHANGE IN FUND BALANCE	$ 70,550	$ -	(160,005)	$ (160,007)
Fund Balance, Beginning of Year			1,493,313	
Fund Balance, End of Year			$ 1,333,308	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (160,005)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			(2,622)	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (162,627)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
11/00 SALES TAX BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(2,195)	(2,195)
Total Revenues	-	-	(2,195)	(2,195)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	480,000	480,000	480,000	-
Interest and other charges	233,850	233,850	233,844	6
Capital outlay	-	-	-	-
Total Expenditures	713,850	713,850	713,844	6
Excess (Deficiency) of Revenues over Expenditures	(713,850)	(713,850)	(716,039)	(2,189)
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	713,850	713,850	713,856	6
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	713,850	713,850	713,856	6
NET CHANGE IN FUND BALANCE	$ -	$ -	(2,183)	$ (2,183)
Fund Balance, Beginning of Year			84,780	
Fund Balance, End of Year			$ 82,597	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (2,183)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (2,183)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
AIRPORT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 313,675	$ 194,702	$ (118,973)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	11,483	11,483
Total Revenues	-	313,675	206,185	(107,490)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	6,400	-	6,400
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	202,284	7,100	195,184
Total Expenditures	-	208,684	7,100	201,584
Excess (Deficiency) of Revenues over Expenditures	-	104,991	199,085	94,094
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	-	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE	$ -	$ 74,991	169,085	$ 94,094
Fund Balance, Beginning of Year			13,980	
Fund Balance, End of Year			$ 183,065	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 169,085	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			(179,753)	
Expenditures for payables, prepaid expenditures and other accruals			31,850	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 21,182	

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

STATE OF NEW MEXICO
CITY OF GALLUP
INFRASTRUCTURE GRT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 20089

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	(3,842)	(3,842)
Total Revenues	-	-	(3,842)	(3,842)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	800,000	1,183,753	21,381	1,162,372
Total Expenditures	800,000	1,183,753	21,381	1,162,372
Excess (Deficiency) of Revenues over Expenditures	(800,000)	(1,183,753)	(25,223)	1,158,530
OTHER FINANCING SOURCES (USES)				
Designated cash	-	527,603	-	(527,603)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	2,420,000	2,420,000	2,420,004	4
Transfers to other funds	(1,613,850)	(1,763,850)	(1,763,850)	-
Total Other Financing Sources (Uses)	806,150	1,183,753	656,154	(527,599)
NET CHANGE IN FUND BALANCE	$ 6,150	$ -	630,931	$ 630,931
Fund Balance, Beginning of Year			886,638	
Fund Balance, End of Year			$ 1,517,569	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 630,931	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 630,931	

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

STATE OF NEW MEXICO
CITY OF GALLUP
11/00 SALES TAX BOND CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	1,825	1,825
Total Revenues	-	-	1,825	1,825
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	41,845	28,584	13,261
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	205,474	(614)	206,088
Total Expenditures	-	247,319	27,970	219,349
Excess (Deficiency) of Revenues over Expenditures	-	(247,319)	(26,145)	221,174
OTHER FINANCING SOURCES (USES)				
Designated cash	-	247,319	-	(247,319)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	247,319	-	(247,319)
NET CHANGE IN FUND BALANCE	$ -	$ -	(26,145)	$ (26,145)
Fund Balance, Beginning of Year			273,040	
Fund Balance, End of Year			$ 246,895	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (26,145)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			1,960	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (24,185)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
LEGISLATIVE APPROPRIATIONS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 1,862,650	$ 320,950	$ (1,541,700)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	26	26
Total Revenues	-	1,862,650	320,976	(1,541,674)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	898,700	46,945	851,755
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	861,514	182,073	679,441
Total Expenditures	-	1,760,214	229,018	1,531,196
Excess (Deficiency) of Revenues over Expenditures	-	102,436	91,958	(10,478)
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ 102,436	91,958	$ (10,478)
Fund Balance, Beginning of Year			2,215	
Fund Balance, End of Year			$ 94,173	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 91,958	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			94,618	
Expenditures for payables, prepaid expenditures and other accruals			(78,365)	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 108,211	

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

STATE OF NEW MEXICO
CITY OF GALLUP
GENERAL OBLIGATION BOND CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	5,419	5,419
Total Revenues	-	-	5,419	5,419
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	92,900	69,741	23,159
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	212,165	116,874	95,291
Total Expenditures	-	305,065	186,615	118,450
Excess (Deficiency) of Revenues over Expenditures	-	(305,065)	(181,196)	123,869
OTHER FINANCING SOURCES (USES)				
Designated cash	-	305,065	-	(305,065)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	305,065	-	(305,065)
NET CHANGE IN FUND BALANCE	$ -	$ -	(181,196)	$ (181,196)
Fund Balance, Beginning of Year			309,443	
Fund Balance, End of Year			$ 128,247	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (181,196)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			14,654	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (166,542)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
02/04 SALES NON TAX BONDS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	92	92
Total Revenues	-	-	92	92
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	32,469	28,313	(4,156)
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	62,541	42,633	19,908
Total Expenditures	-	95,010	70,946	15,752
Excess (Deficiency) of Revenues over Expenditures	-	(95,010)	(70,854)	24,156
OTHER FINANCING SOURCES (USES)	-			
Designated cash	-	95,010	-	(95,010)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	95,010	-	(95,010)
NET CHANGE IN FUND BALANCE	$ -	$ -	(70,854)	$ (70,854)
Fund Balance, Beginning of Year			96,091	
Fund Balance, End of Year			$ 25,237	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (70,854)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			8,423	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (62,431)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
02/04 SALES TAX BONDS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	84	84
Total Revenues	-	-	84	84
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	78	-	(78)
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	59,009	10,133	48,876
Total Expenditures	-	59,087	10,133	48,798
Excess (Deficiency) of Revenues over Expenditures	-	(59,087)	(10,049)	49,038
OTHER FINANCING SOURCES (USES)				
Designated cash	-	59,087	-	(59,087)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	59,087	-	(59,087)
NET CHANGE IN FUND BALANCE	$ -	$ -	(10,049)	$ (10,049)
Fund Balance, Beginning of Year			64,992	
Fund Balance, End of Year			$ 54,943	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ (10,049)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			-	
Expenditures for payables, prepaid expenditures and other accruals			-	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ (10,049)	

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

STATE OF NEW MEXICO
CITY OF GALLUP
PUBLIC WORKS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 1,380,100	$ 430,000	$ (950,100)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	-	-	-
Interest income	-	-	4,923	4,923
Total Revenues	-	1,380,100	434,923	(945,177)
EXPENDITURES				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	137,697	20,629	117,068
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	3,423,129	927,254	2,495,875
Total Expenditures	-	3,560,826	947,883	2,612,943
Excess (Deficiency) of Revenues over Expenditures	-	(2,180,726)	(512,960)	1,667,766
OTHER FINANCING SOURCES (USES)				
Designated cash	-	1,275,572	-	(1,275,572)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	905,154	905,154	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	2,180,726	905,154	(1,275,572)
NET CHANGE IN FUND BALANCE	$ -	$ -	392,194	$ 392,194
Fund Balance, Beginning of Year			1,314,284	
Fund Balance, End of Year			$ 1,706,478	
NET CHANGE IN FUND BALANCE (BUDGET BASIS)			$ 392,194	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			60,000	
Expenditures for payables, prepaid expenditures and other accruals			222,415	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			$ 674,609	

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

STATE OF NEW MEXICO
CITY OF GALLUP
SOLID WASTE ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 2,011	$ 1,856	$ (155)
Taxes	-	-	-	-
Operating grant - taxes	400,000	400,000	418,754	18,754
Charges for services	2,486,240	2,486,240	3,039,772	553,532
Miscellaneous income	-	-	-	-
Interest income	52,360	52,360	53,096	736
Total Revenues	2,938,600	2,940,611	3,513,478	572,867
EXPENSES				
Personnel services	547,850	562,850	556,353	6,497
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	1,637,260	1,875,460	1,600,776	274,684
Capital outlay	400,000	378,500	377,560	940
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	2,585,110	2,816,810	2,534,689	282,121
Excess (Deficiency) of Revenues over Expenses	353,490	123,801	978,789	854,988
OTHER FINANCING SOURCES (USES)				
Designated cash	-	229,689	-	(229,689)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(353,490)	(353,490)	(324,106)	29,384
Total Other Financing Sources (Uses)	(353,490)	(123,801)	(324,106)	(200,305)
Change in Net Assets	$ -	$ -	654,683	$ 654,683
Net Assets, Beginning of Year			1,761,775	
Net Assets, End of Year			$ 2,416,458	

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

STATE OF NEW MEXICO
CITY OF GALLUP
JOINT UTILITIES ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ 89,181	$ 100,300	$ 11,119
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	25,482,100	25,488,420	28,938,142	3,449,722
Miscellaneous income	-	20,176	20,176	-
Interest income	-	-	465,968	465,968
Total Revenues	25,482,100	25,597,777	29,524,586	3,926,809
EXPENDITURES				
Personnel services	3,492,870	3,492,870	2,767,653	725,217
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	17,490,440	20,721,545	17,464,937	3,256,608
Capital outlay	1,599,360	7,186,797	5,016,185	2,170,612
Principal retirement	1,573,310	1,573,310	1,573,302	8
Interest and other charges	1,147,880	1,147,880	1,147,867	13
Total Expenses	25,303,860	34,122,402	27,969,944	6,152,458
Excess (Deficiency) of Revenues over Expenses	178,240	(8,524,625)	1,554,642	10,079,267
OTHER FINANCING SOURCES (USES)				
Designated cash	2,186,130	10,878,995	-	(10,878,995)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	2,810,210	2,810,210	4,560,204	1,749,994
Transfers to other funds	(5,164,580)	(5,164,580)	(6,659,758)	(1,495,178)
Total Other Financing Sources (Uses)	(168,240)	8,524,625	(2,099,554)	(10,624,179)
Net Change in Net Assets	$ 10,000	$ -	(544,912)	$ (544,912)
Net Assets, Beginning of Year			22,198,222	
Net Assets, End of Year			$ 21,653,310	

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

STATE OF NEW MEXICO
CITY OF GALLUP
THE FITNESS CENTER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	190,000	190,000	168,371	(21,629)
Miscellaneous income	-	11,606	11,697	91
Interest income	-	-	3,746	3,746
Total Revenues	190,000	201,606	183,814	(17,792)
EXPENSES				
Personnel services	136,060	136,060	117,280	18,780
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	120,910	191,603	123,920	67,683
Capital outlay	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	256,970	327,663	241,200	86,463
Excess (Deficiency) of Revenues over Expenses	(66,970)	(126,057)	(57,386)	68,671
OTHER FINANCING SOURCES (USES)				
Designated cash	-	59,087	-	(59,087)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	66,970	66,970	66,972	2
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	66,970	126,057	66,972	(59,085)
Change in Net Assets	$ -	$ -	9,586	$ 9,586
Net Assets, Beginning of Year			199,504	
Net Assets, End of Year			$ 209,090	
CHANGE IN NET ASSETS (BUDGET BASIS)			$ 9,586	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			20,601	
Expenses for payables, prepaid expenses and other accruals			(4,276)	
CHANGE IN NET ASSETS (GAAP BASIS)			$ 25,911	

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

STATE OF NEW MEXICO
CITY OF GALLUP
WRANGLER JUNIOR HIGH SCHOOL RODEO ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ 50,000	$ 200,000	$ 100,000	$ (100,000)
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	300,000	255,739	230,371	(25,368)
Miscellaneous income	-	378,301	217,931	(160,370)
Interest income	250	60	89	29
Total Revenues	350,250	834,100	548,391	(285,709)
EXPENSES				
Personnel services	-	-	-	-
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	350,000	944,566	550,175	394,391
Capital outlay	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	350,000	944,566	550,175	394,391
Excess (Deficiency) of Revenues over Expenses	250	(110,466)	(1,784)	108,682
OTHER FINANCING SOURCES (USES)				
Designated cash	-	110,466	-	(110,466)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	110,466	-	(110,466)
Change in Net Assets	$ 250	$ -	(1,784)	$ (1,784)
Net Assets, Beginning of Year			473,735	
Net Assets, End of Year			$ 471,951	
CHANGE IN NET ASSETS (BUDGET BASIS)			$ (1,784)	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			2,610	
Expenses for payables, prepaid expenses and other accruals			17,146	
CHANGE IN NET ASSETS (GAAP BASIS)			$ 17,972	

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

STATE OF NEW MEXICO
CITY OF GALLUP
GAMERCO BILLING ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental income	$ -	$ -	$ -	$ -
Taxes	-	-	-	-
Operating grant - taxes	-	-	-	-
Charges for services	375,000	375,000	418,407	43,407
Miscellaneous income	-	-	-	-
Interest income	1,500	1,500	10,001	8,501
Total Revenues	376,500	376,500	428,408	51,908
EXPENSES				
Personnel services	-	-	-	-
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	85,000	134,000	133,344	656
Capital outlay	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenses	85,000	134,000	133,344	656
Excess (Deficiency) of Revenues over Expenses	291,500	242,500	295,064	52,564
OTHER FINANCING SOURCES (USES)				
Designated cash	-	-	-	-
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in Net Assets	$ 291,500	$ 242,500	295,064	$ 52,564
Net Assets, Beginning of Year			451,215	
Net Assets, End of Year			$ 746,279	
CHANGE IN NET ASSETS (BUDGET BASIS)			$ 295,064	
ADJUSTMENTS TO:				
Revenues for tax accruals, interest, and other deferrals and accruals			(20,642)	
Expenses for payables, prepaid expenses and other accruals			-	
CHANGE IN NET ASSETS (GAAP BASIS)			$ 274,422	

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

STATE OF NEW MEXICO
CITY OF GALLUP
RISK MANAGEMENT INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Assessments	$ 2,111,470	$ 2,111,470	$ 2,111,460	$ (10)
Intergovernmental income	-	10,000	10,000	-
Operating grant - taxes	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous income	-	30,000	39,393	9,393
Interest income	-	-	16,412	16,412
Total Revenues	2,111,470	2,151,470	2,177,265	25,795
EXPENSES				
Personnel services	272,830	282,830	279,909	2,921
Depreciation expense	-	-	-	-
Amortization expense	-	-	-	-
Operating expenses	1,838,640	2,054,087	1,805,641	248,446
Capital outlay	-	-	-	-
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	2,111,470	2,336,917	2,085,550	251,367
Excess (Deficiency) of Revenues over Expenditures	-	(185,447)	91,715	277,162
OTHER FINANCING SOURCES				
Designated cash	225,447	155,447	-	(155,447)
Bond and loan proceeds	-	-	-	-
Transfers from other funds	-	30,000	40,000	(10,000)
Transfers to other funds	-	-	-	-
Total Other Financing Sources (Uses)	225,447	185,447	40,000	(165,447)
Change in Net Assets	$ 225,447	$ -	131,715	$ 111,715
Net Assets, Beginning of Year			2,991,382	
Net Assets, End of Year			$ 3,123,097	

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

NEW MEXICO STATE AUDITOR DISCLOSURES

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2009

		Bank Balance	Reconciling Items	Reconciled Balance
WELLS FARGO, NEW MEXICO				
Operations	Checking	$ 2,647,864	$ 946,214	$ 3,594,078
Wrangler JHS Rodeo	Checking	366,655	(1,012)	365,643
City of Gallup	Certificate of Deposit	1,000,000	-	1,000,000
Gallup Municipal Court	Money Market	13,927	(1,302)	12,625
Municipality of Gallup		4,028,446	$ 943,900	$ 4,972,346
Less FDIC coverage		250,000		
Uninsured Public Funds		3,778,446		
Less Pledged Collateral held by the pledging financial institution		(7,761,248)		
Over inusured and over collateralized		$ (3,982,802)		
Collateral requirement - 50% of uninsured funds		$ 1,889,223		
Pledged Security		7,761,248		
Over Collateral Requirement		$ 5,872,026		
WELLS FARGO BROKERAGE				
City of Gallup	Treasury Notes	$ 19,339,248	$ -	$ 19,339,248
City of Gallup	Money Market	2,693,049	-	2,693,049
Municipality of Gallup		$ 22,032,297	$ -	$ 22,032,297
BANK OF ALBUQUERQUE - NEW MEXICO FINANCE AUTHORITY (NMFA)				
Equipment Loan	Cash Deposit	$ 348,252	$ -	$ 348,252
Fire Station Loan	Cash Deposit	136,490	-	136,490
Water Trust Board Grants	Cash Deposit	2,737,213	-	2,737,213
Municipality of Gallup		$ 3,221,955	$ -	$ 3,221,955
FIRST COMMUNITY BANK				
City of Gallup	Certificate of Deposit	$ 20,000,000	$ -	$ 20,000,000
Municipality of Gallup		20,000,000	$ -	$ 20,000,000
Less FDIC coverage		250,000		
Uninsured Public Funds		19,750,000		
Less Pledged Collateral held by the pledging financial institution		(10,273,274)		
Under inusured and undercollateralized		$ 9,476,726		
Collateral requirement - 50% of uninsured funds		$ 9,875,000		
Pledged Security		10,273,274		
Over Collateral Requirement		$ 398,274		
PINNACLE BANK				
City of Gallup	Certificate of Deposit	$ 2,000,000	$ -	$ 2,000,000
Municipality of Gallup		2,000,000	$ -	$ 2,000,000
Less FDIC coverage		250,000		
Uninsured Public Funds		1,750,000		
Less Pledged Collateral held by the pledging financial institution		(9,125,000)		
Over inusured and over collateralized		$ (7,375,000)		
Collateral requirement - 50% of uninsured funds		$ 875,000		
Pledged Security		10,000,000		
Over Collateral Requirement		$ 9,125,000		

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

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2009

		Bank Balance	Reconciling Items	Reconciled Balance
NEW MEXICO STATE TREASURER				
Municipality of Gallup	Local Government Investment Pool (LGIP)	$ 23,877	$ -	$ 23,877
TOTAL FINANCIAL INSTITUTIONS				
VALUE OF ACCOUNTS PER BANK				
City of Gallup	Checking	$ 3,014,519	$ 945,202	$ 3,959,721
City of Gallup	Money Market	2,706,976	(1,302)	2,705,674
City of Gallup	Certificate of Deposit	23,000,000	-	23,000,000
City of Gallup	Cash Deposit	3,221,955	-	3,221,955
City of Gallup	Treasury Notes	19,339,248	-	19,339,248
City of Gallup	LGIP	23,877	-	23,877
Municipality of Gallup		51,306,575	$ 943,900	52,250,475
Less NMFA		3,221,955		3,221,955
Less Wells Fargo Brokerage		22,032,297		22,032,297
Less NM State Treasurer		23,877		23,877
		26,028,446		$ 26,972,346
Less FDIC coverage		750,000		
Uninsured Public Funds		25,278,446		
Less Pledged Collateral held by the pledging financial institution		(27,159,522)		
Over insured and over collateralized		$ (1,881,076)		
Collateral requirement - 50% of uninsured funds		$ 12,639,223		
Pledged Security		28,034,522		
Over Collateral Requirement		$ 15,395,299		

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

SINGLE AUDIT SECTION

GPS Griego Professional Services, LLC
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund of the City of Gallup (the "City"), New Mexico, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 10, 2009. We also have audited the financial statements of each of the City's non-major governmental, non-major enterprise and internal service funds, including budgetary comparisons and the major enterprise fund budgetary comparison, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents, and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the proceeding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatements of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 08-06, FS 08-07, FS 08-08, FS 09-01 and FS 09-02 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. There were deficiencies over internal control considered to be material weaknesses described in the accompanying schedule of findings and questioned costs as items FS 08-07 and FS 08-08.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gallup, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item FS 08-06 and FS 09-02.

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

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

Grigo Professional Services, LLC

Albuquerque, New Mexico
November 10, 2009

GPS Griego Professional Services, LLC
Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Gallup (the "City"), New Mexico, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Gallup, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Gallup, New Mexico's management. Our responsibility is to express an opinion on the City of Gallup, New Mexico's compliance based on our audit.

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

In our opinion, the City of Gallup, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more the inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Griego Professional Services, LLC

Albuquerque, New Mexico
November 10, 2009

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through N.M. Area Agency on Aging			
Special Programs for the Aging Title III, Part B	2008-09 60013	93.044	$ 29,294
Special Programs for the Aging Title III, Part C-1	2008-09 60013	93.045	28,132
Special Programs for the Aging Title III, Part C-2	2008-09 60013	93.045	6,983
Nutrition Program for the Elderly	2008-09 60013	10.570	38,738
Total U.S. Department of Agriculture			103,147
U.S. Department of Housing and Urban Development			
Direct Programs:			
Low - Rent Housing Program Operating Subsidy	N/A	14.850	921,378
Capital Fund Projects	N/A	14.872	23,450
Section 8 Housing Choice Vouchers	N/A	14.871	83,420
Total U.S. Department of Housing and Urban Development			1,004,798
Total Expenditures of Federal Awards			$ 1,107,945

NOTE 1: BASIS OF PRESENTATION
This schedule was prepared in accordance with the modified accrual basis of accounting.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I – Summary of Audit Results

Financial Statements:

1. Type of auditors' report issued — Unqualified
2. Internal control over financial reporting:
   a. Material weakness identified? — Yes
   b. Significant deficiency identified not considered to be a material weaknesses? — Yes
   c. Control deficiency identified not considered to be a significant deficiency? — No
   d. Compliance and other matters identified? — No

Federal Awards:

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

CFDA Number	Federal Program
14.850	Low Rent Housing Subsidy Program

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

Section II – Financial Statement Findings

FS 09-01 — Timeliness of Deposits

Condition: During our testwork of receipts, we noted one out of fifteen in which a receipt was not deposited timely. The deposit made in the amount of $571 was not made in a timely manner.

Criteria: Effective internal controls over cash receipts should require the deposit of all cash receipts daily.

Effect: Non-adherence to strong internal controls may subject the City to a possible occurrence of fraud.

Cause: The staff of the City did not deposit the funds golf course funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

Auditors' Recommendations: We recommend that the City emphasize the importance of timely deposits of receipts, and monitor receipts more closely. The City should cross-train employees so that more than one individual is able to make deposits to ensure daily deposits are possible. This appears to have been an isolated instance as the City does maintain procedures over cash receipts.

Management's Response: We are contracting with an outside agency to pick up Golf Course deposits daily. We should have this completed within a couple of months.

FS 09-02 – Itemized Receipts

Condition: During our test work of Travel and Per Diem, we noted three out of eight instances in which a receipt was not itemized.

Criteria: City of Gallup policies and procedures require itemized receipts to be provided upon return from travel.

Effect: Non-adherence to The City of Gallup's internal controls may subject the City to a possible occurrence of fraud.

Cause: The staff did not follow the allowable procedures provided through the City of Gallup employee handbook.

Auditors' Recommendations: We recommend that the City emphasize and adhere to the Employee Handbook's procedures to prevent such an occurrence.

Management's Response: We will continue to enforce our policies and procedures. We will also conduct training on our travel policies so that all of our employees will know and follow procedures.

FS 08-06 Lack of Supporting Documentation (Housing Authority)

Condition: During our test of Travel & Per Diem ten we requested expenditures for travel. The client was unable to furnish any documents relating to 8 of the 10 expenditures to allow for proper testing of controls in this area. The items to be tested had a total value of $2,404.53.

Criteria: NMAC 6.20 2.14: Protection of records requires that the administrator and every other custodian of public records shall carefully protect and preserve such records from deterioration, mutilation, loss or destruction and, whenever advisable, shall cause them to be properly repaired and renovated. All paper, ink and other materials used in public offices for the purposes of permanent records shall be of durable quality.

Effect: The Authority is in violation of NMAC 6 20 2.14. The Authority's auditors were also not able to test compliance in the area of travel expenditures.

Cause: Records were not properly completed and maintained. Proper internal controls were not implemented at the time to prevent the loss of supporting documentation for these invoices.

Auditor's Recommendation: We recommend that personnel in charge of documents review the proper procedures for maintaining documents, and seek to establish better controls over the handling of these documents.

Management's Response: This Agency has been made aware of the improper forms used as well as the amount and type of supporting documentation, needed for all future Audit testing. I have already adopted new Procedure, and will present the Housing Authority's Board of Directors, a new Policy to adopt, (early 2010).

FS 08-07 – Internal Control Deficiencies (Housing Authority)

Condition: The policies and procedures in place did not address policies such as fraud, risk assessment and informational technology. In addition, the Housing Authority did not establish a disaster recovery plan.

Criteria: SAS No. 112, Communicating Internal Control Related Matters Identified in an Audit, requires the auditor to evaluate control deficiencies to determine whether, individually or in combination, they are significant deficiencies or material weaknesses.

Effect: This inadequacy is a deficiency in internal control over financial reporting. Not maintaining up to date policies and procedures could cause errors, inconsistencies and omissions in the preparation of the financial statements.

Cause: The policies and procedures in place were adopted from the NM Department of Finance, Local Government Division manual, which do not include a fraud, risk assessment and informational technology policy.

Auditors' Recommendation: Management should assess the adequacy of the design of its policies and procedures related to preparation financial statements. When developing control policies and procedures for a process, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures, if operating properly would prevent or detect the error or fraud on a timely basis.

Management's Response: This Agency has adopted new Procedures based on past recommendations, and has made huge improvements in the prevention of fraud, and risk assessment, concerning electronic information and data. This Agency has in place various levels of electronic security and new software that helps monitor and prevent any Fraud, Waste and/or Abuse. The design and formality of an entity's internal control will vary depending on the entity's size, the industry in which it operates,its culture, and management's philosophy.

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

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

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

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

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

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

Management's Response: I was unaware that procuring an outside Fee Accountant was not an generally accepted practice. I as Executive Director understand most basic principles, as well as the diligence needed to assure good stewardship of our public funds. Both myself and or Bookkeeper can without hesitation develop the financial information.

Section II – Federal Award Findings

None

Section III – Summary Schedule of Prior Audit Findings

FS 07-01 — Payroll Documentation – Resolved
FS 08-01 — Audit Report – Resolved
FS 08-02 — Audit Report not Submitted timely (Housing Authority) – Resolved
FS 08-03 — Bank Reconciliations (Housing Authority) – Resolved
FS 08-04 — Tenant Deposits (Housing Authority) – Resolved
FS 08-05 — Lack of Supporting Documentation - Payroll (Housing Authority) – Resolved
FS 08-06 — Lack of Supporting Documentation (Housing Authority) – Repeated
FS 08-07 — Internal Control deficiencies (Housing Authority) – Repeated
FS 08-08 — Internal Control over Financial Reporting (Housing Authority) – Repeated
FA 08-01 — Project Based Reporting Requirements (Housing Authority) – Resolved
FA 08-02 — Audit Report Submission of Data Collection Form and Reporting Package (Housing Authority) – Resolved

Section IV – Other Disclosures

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

Exit Conference – City of Gallup
The contents of this report were discussed on December 1, 2009. The following individuals were in attendance.

City of Gallup
Harry Mendoza, Mayor
Allan Landavazo, Councilman
Gerald Herrera, City Manager
Judi Starkovich, Executive Director of Administrative Services

Griego Professional Services, LLC
JJ Griego, CPA

Exit Conference – City of Gallup Housing Authority
The contents of this report were discussed on December 1, 2009. The following individuals were in attendance.

City of Gallup Housing Authority
Gumi Garcia, Chairperson
Danny Garcia, Executive Director

Griego Professional Services, LLC
JJ Griego, CPA