AGENDA

GALLUP CITY COUNCIL
REGULAR MEETING
TUESDAY, FEBRUARY 11, 2020; 6:00 P.M.
CITY COUNCIL CHAMBERS

Jackie McKinney, Mayor

Linda Garcia, Councilor, Dist. 1
Allan Landavazo, Councilor, Dist. 2
Yogash Kumar, Councilor, Dist. 3
Fran Palochak, Councilor, Dist. 4

Maryann Ustick, City Manager
Curtis Hayes, City Attorney

A. **Pledge Of Allegiance**

The members of the body and the public are invited to recite the Pledge of Allegiance.

B. **Roll Call**

C. **Approval Of Minutes**

Regular Meeting of January 28, 2020

(Draft minutes will be available on Monday, February 10th).

D. **Discussion/Action Topics**

1. **Resolution No. R2020-8; Accepting The Fiscal Year 2019 Audit**

The Audit for Fiscal Year 2019 was conducted by Hinkle + Landers. The report was filed timely and has been approved for release by the Office of the State Auditor. We are proud to inform you that an unmodified opionion was issued for both the financial satements and the federal awards. All prior year findings have been resolved and there are no findings for the 2019 report.

Finance and City Management will continue to work hard at ensuring we continue this with good controls, policies and adherence to those controls and policies.

Fiscal Impact: Having an unmodified opinion and no findings is crucial to ensure no difficulties in state or federal funding as we have

seen in prior years.

Recommendation:	Staff recommends approval of Resolution No. R2020-8.
Speaker's Name	Patty Holland

Documents:

CITY OF GALLUP PUBLIC PRESENTATION 2019.PDF
6076 CITY OF GALLUP AUDIT REPORT 2019 FINAL UPDATED.PDF
AUDIT RESOLUTION FY 2019.PDF

2. **Summer Nightly Indian Dances Contract**

The staff recommends a contract for 75 days for the annual Summer Nightly Indian Dances (NID) Program in the amount of $55,000. This recommendation is based on the new Levitt-Amp Concert Series program, which will begin immediately after the Gallup Inter-tribal Indian Ceremonial. The City will be responsible for matching funds for the Levitt-Amp Concert Series Grant, and staff recommends using the cost savings from the NID program to apply as part of the Levitt Amp Concert Series Grant match.

An additional option for City Council determination is that the 100 day program is chosen instead, with a contracted amount of $83,000, and increase from the previously contracted $65,000 due to rising security costs.

Fiscal Impact:	Either A) $55,000 in Lodgers Tax funding or B) $83,000 in Lodgers Tax Funding
Recommendation:	Staff recommends approval of the contract in the amount of $55,000 for the Nightly Indian Dance Prog
Speaker's Name	Jennifer Lazarz and Bill Lee

Documents:

NID CONTRACT 2020.PDF

3. **Ordinance No. C2020-1; Business Improvement District Ordinance Amendments**

At the December 10, 2019 Council meeting, the Council affirmatively decided to continue management and oversight of the BID under the existing BID Board but directed staff to present and prepare amendments to the existing BID ordinance to mandate compliance with the specific requirements set forth the New Mexico statute enabling the creation of BID Districts. Additional direction was given by councilors to include the requirement for a monthly report, individual contact with BID members by the Executive Director, and that an annual meeting with the members be held.
Changes to existing BID ordinance in the attached proposed ordinance include:
1. The entire BID Ordinance is currently contained in the Land Development Standards where it was placed when the first BID Ordinance was adopted in 2009. Other than the description of the BID District boundaries, there is no reason for the rest of the Ordinance to be located in the Land Development Standards which are not in the City Code published by American Legal Publishers. Therefore, the substantive portions of the Ordinance are being relocated to Title III, Chapter 2 of the City Code which is where other taxes and the GRIP ordinance are located.
2. Adds a new section (3-2F-2) that incorporates the language in the state statute outlining the purposes of the state statute.

3. Adds a new section (3-2F-3) that incorporates definitions from the state statute.
4. Lowers the number of board members from nine to seven. (3-2F-4A)
5. Inserts language stating the BID management committee must comply with the applicable requirements of the Nonprofit Corporation Act. (3-2F-4B) Some provisions are not applicable such as the Nonprofit Corporation Act's provisions on how board members are chosen.
6. Inserts a requirement that the management committee hold an annually meeting prior to March 1 to obtain input from the BID members. (3-2F-4D)
7. Requires the Executive Director communicate with property owners individually and send out a monthly report. (3-2F-4D)
8. Inserts the authority found in the state statute for Council to use an existing non-profit organization to administer. However, unlike the state statute, this would only be done if the existing management committee were terminated by Council. (3-2F-4E)
9. Inserts the statutory requirement that Council, by ordinance, adopt a list of improvements to be provided by the district, the amount of benefit estimated to be conferred on each tract or parcel of real property, a description of the real property or businesses to be assessed a business improvement benefit fee, and the amount of the assessment to be imposed on each real property owner. (3-2F-6A)
10. Establishes the following annual timeline of activities:
-BID management committee conducts annual meeting on or before MARCH 1 (3-2F-4D)
-BID management committee submits recommended projects and improvements and proposed budget to Council on or before MARCH 30 (3-2F-6B)
-Council determines valuation year (currently 2006) every other year on or before APRIL 30 (3-2F-5C)
-BID management committee submits annual report to Council on or before AUGUST 15 (3-2F-6D)
-City Clerk mails out first half assessment notices during the LAST WEEK IN AUGUST (3-2F-5B) -First half assessment payments due by SEPTEMBER 10 (3-2F-5B)
-Council determines percentage of the City match and whether to continue the BID management committee or find an existing nonprofit to act as the management committee on or before SEPTEMBER 30 (3-2F-6C&E)
-disbursement from City to the BID for first half assessments plus City match during JANUARY (3-2F-6C)
-City Clerk mails out second half assessment notices during the LAST WEEK IN FEBRUARY (3-2F-5B)
-Second half assessment payments due by MARCH 10 (3-2F-5B)
-disbursement from City to the BD for first second half assessments plus City match during JULY (3-2F-6C)
11. Makes the City match discretionary up to 100% of revenue from assessment payments. (3-2F-6C)
12. Makes clear that the City, not the BID, has the authority to issue bonds. (3-2F-7)

Fiscal Impact:	None
Recommendation:	Adoption of the amended ordinance
Speaker's Name	Maryann Ustick and Curtis Hayes

Documents:

BID ORDINANCE 2020.PDF

4. **Replacement Of Electric Pedestals In Red Rock Park Campground**

An RFB was posted requesting bids to replace the existing Electric pedestals in Red Rock Park Campground with new pedestals already purchased by the Parks Department. These new pedestals will better meet the requirements of Electric Codes as they incorporate a grounded leg which will be connected to a driven ground rod.
Two bids were received to do the work and the bid was awarded to the low bidder, Laroc, Inc. of Gallup in the amount of $33,511.45 which includes gross receipts taxes.

Fiscal Impact:	There is no Fiscal Impact. Funds for this project are already budgeted in the necessary line item.
Recommendation:	Staff recommends approval of award of contract to Laroc, Inc.
Speaker's Name	John Wheeler

5. **Award Of Contract For The Navajo Gallup Water Supply Fiber Project**

The City of Gallup is required to have a secured connection between the City of Gallup and the Tohlakai water pump station as part of the Navajo Gallup Water Supply Project.

Requests for Proposals (RFP's) went out and two (2) vendors responded. The RFP evaluation committee evaluated each proposal and met on January 21st, 2020 to score proposals using criteria developed. After a thorough review and discussion, the evaluation committee selected Sacred Wind Communications as the vendor most qualified for the project. Sacred Wind is a local vendor with 10 years of experience installing and maintaining a fiber network. Sacred Wind's recent project was for the Gallup McKinley County Schools for $2 million dollars.

These funds are partially or completely reimbursable from the Bureau of Reclamation. Once the project is approved and sent to them they will decide the reimbursement to the City of Gallup.

Fiscal Impact:	Total: $327,000 $144,000 - Recurring monthly/60 mos $140,000 - Special construction (GRT Included) $30,000 - Equipment $13,000 - GRT (Est taxes & fees for recurring) We have $600,000 in an approved budget. Account 307-6061-443.48-99 Project # J
Recommendation:	Recommend approval of award of contract to Sacred Wind Communications for $327,000.
Speaker's Name	Brian Archuleta

6. **Request For Budget Adjustment To Purchase An Excavation Shoring System**

A number of flaws were found in the current shoring equipment and system being used in the Water and Sanitation Department during a recent inspection.

After researching available systems and presenting options to the operations and maintenance staff, the department decided to request a cost proposal for a modular aluminum shoring system (Attachments 1 and 2) - ASG Shroing System 65100.

Attachment 3 lists the detailed cost proposal in the amount of $17,991.34, making a potential purchase a capital item. Unexpended funding in Project CI1638 (Miscellaneous Repair of Wastewater Systems from FY 2016) in the amount of $26,907.00 was not expended, has not reverted to its original funding source and is available for this purchase.

Staff requests approval of a budget transfer of $17,991.34 from Project 1638, Miscellaneous Repair of Wastewater Systems from FY 2016 for this purchase, and approval to purchase the ASG Shoring System detailed in the attached documents.

Fiscal Impact:	Budget transfer and expenditure of $17,991.34 from Project CI1638.
Recommendation:	Staff recommends approval of budget transfer and expenditure of $17,991.34 from Project CI1638.
Speaker's Name	Dennis Romero

Documents:

ATTACHMENT 1 - SHORING SYSTEM ASG BROCHURE.PDF
ATTACHMENT 2 - SHORING SYSTEM ASG-TABULATED-DATA-WITH-INSTALL-AND-REMOVAL.PDF
ATTACHMENT 3 - SHORING SYSTEM COST PROPOSAL AND SOLE SOURCE JUSTIFICATION.PDF

7. **Request To Award Highway 491 16-Inch Waterline Project - Formal Bid No. 2001, With Budget Adjustment**

During last year's budget cycle, $1,190,853.25 was budgeted for expenditure this fiscal year for the replacement of a 16-inch water transmission line from Chino Loop off of Highway 491 to the Gibson Pressure Relief Valve Station (Budgeted item 202-1525-474.48-99, Project JU1846)..

A design was completed for the project and put out to bid in January 2020. Formal bid No. 2001 was opened on January 28th, with the low bid coming from Adame Construction, of Los Lunas, NM, at $2,022,058.98, which was approximately $50,000 higher than the updated Engineer's Opinion of Probable Construction Cost (OPCC) of $1,973,589.92.

Due to a significant increase in materials costs due to federal tarrifs on iron and steel, the Engineer of Record updated the OPCC prior to the bid opening. The difference between the low bid and the budgeted project is $831,205.73.

Staff requests a budget adjustment from Fund 202 in the amount of $832,000 to fund the project and award of project to Adame Construction.

Recommendation:
Staff recommends a budget adjustment from the Water Enterprise Reserve (Fund 202) in the amount of $832,000 and award of project to Adame Construction.

Fiscal Impact:	Budget adjustment of $832,000 from Fund 202, along with expenditure of budgeted amount of $1,190,853.25 from 202-1525-474.48-99.
Recommendation:	See "Description" above.
Speaker's Name	Dennis Romero

Documents:

ATTACHMENT 1 - RECOMMENDATION OF AWARD.PDF
ATTACHMENT 2 - BID TABULATION.PDF

ATTACHMENT 3 - EXAMPLE OF LOCAL GOVT PROJECTS AFFECTED BY TARRIFS.PDF
ATTACHMENT 4 - HIGHWAY 491 WATERLINE PROJECT MAP.PDF

E. **Comments By Public On Non-Agenda Items**

The public is invited to comment on matters no appearing on the published meeting agenda.

F. **Comments By Mayor And City Councilors**

G. **Comments By City Manager And City Attorney**

H. **Motion To Adjourn**

Auxiliary aides for the disabled are available upon request. Please contact Alfred Abeita, City Clerk, at 505-863-1254 at least (1) week prior to the meeting or as soon as possible in advance of the meeting to make any necessary arrangements.

Pursuant to the "Open Meetings Act", NMSA 1978, Section 10-15-1 through 10-15-4 of the State of New Mexico, this Agenda was posted at a place freely accessible to the public 72 hours in advance of the scheduled meeting.

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City of Gallup

2019
Audit Presentation

Presented by:
Farley Vener, CPA, CFE, CGMA
President and Managing Shareholder

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Today's Agenda

- Auditor's Communications AU-C 260
- Significant Audit Results/ Opinion
- Findings
- Review Financial Statement Trends
- New Standards

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Engagement Team

Partner In-Charge

- Farley Vener, CPA, CFE, CGMA

Audit Manager In-Charge

- Katelyn Constantin, MACCT, Senior Audit Manager

Audit Staff

- Leilani Sian, Staff Auditor

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Scope of Our Audit Procedures

Financial Statements

Procedures are designed to provide reasonable assurance to detect:

Material inaccuracies in financial statements	Internal control material weaknesses and significant deficiencies	Instances of noncompliance with State audit rule testing require findings
Sec. 12-6-5 NMSA 1978 – Each report shall set out in detail, in a separate section, any violation of law or good accounting practices found by the audit or examination	Procedures are not designed to find fraud although any discovered would be reported	

Federal Awards

Determine if the entity is in compliance with direct and material requirements related to the receiving of federal grants.	Internal control material weaknesses and significant deficiencies related to compliance	Assess fraud risk

Who Do We Serve?

Responsibility to provide objective fiduciary information to:

The City Councilors, Mayor, and other Elected Officials (provide objective fiduciary information)	Management	Public Interest

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Auditor's Communication With Those Charged With Governance (AU-C 260)

Management Responsibilities

- Accounting policies
- Internal controls
- Financial statements and trial balance
- Significant estimates
- Management representation letter

Auditor's Responsibilities

- Opinion on financial statements
- Reasonable assurance
- Understanding of internal controls sufficient to plan the audit

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Auditor's Communication With Those Charged With Governance (AU-C 260) Required Communications

COMMUNICATIONS	CONCLUSION
Accounting Practices	Consistent
Proposed Audit Adjustments	3
Adjustments Provided by Client	9
Adjustments for Government Wide Presentation	11
Adjustments for Presentation Purposes Only	1
Passed Adjustments-Because of Immateriality	None
Disagreements with Management	None
Management's Consultations with Other Accountants	Aware of None
Discussing of Accounting Issues Prior to Retention	None
Significant Difficulties in Performing the Audit	None

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Summary of Auditor's Results

<u>Financial Statements</u>

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified	None
• Significant deficiency identified	None
• Noncompliance material noted	None

<u>Federal Awards</u>

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified	None
• Significant deficiency identified	None
Findings disclosed per section 2 CFR section 200.516(a)	None

Identification of major programs:

- U.S. Department of the Interior
  - 15.552 Navajo-Gallup Water Supply Project
- U.S. Department of Housing and Urban Development
  - 14.872 Public Housing Capital Fund (Gallup Housing Authority)

Auditee qualified as low-risk auditee	Yes

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Findings

Reference #	Finding	Status of Current and Prior Year Findings	Type of Finding*
Prior Year Findings			
2018-001	**COMPLIANCE WITH CITY LIEN POLICY**	**Resolved**	**B, G**
2018-002	**POLICY OVER DELINQUENT CUSTOMER CARE ACCOUNTS**	**Resolved**	**B, G**

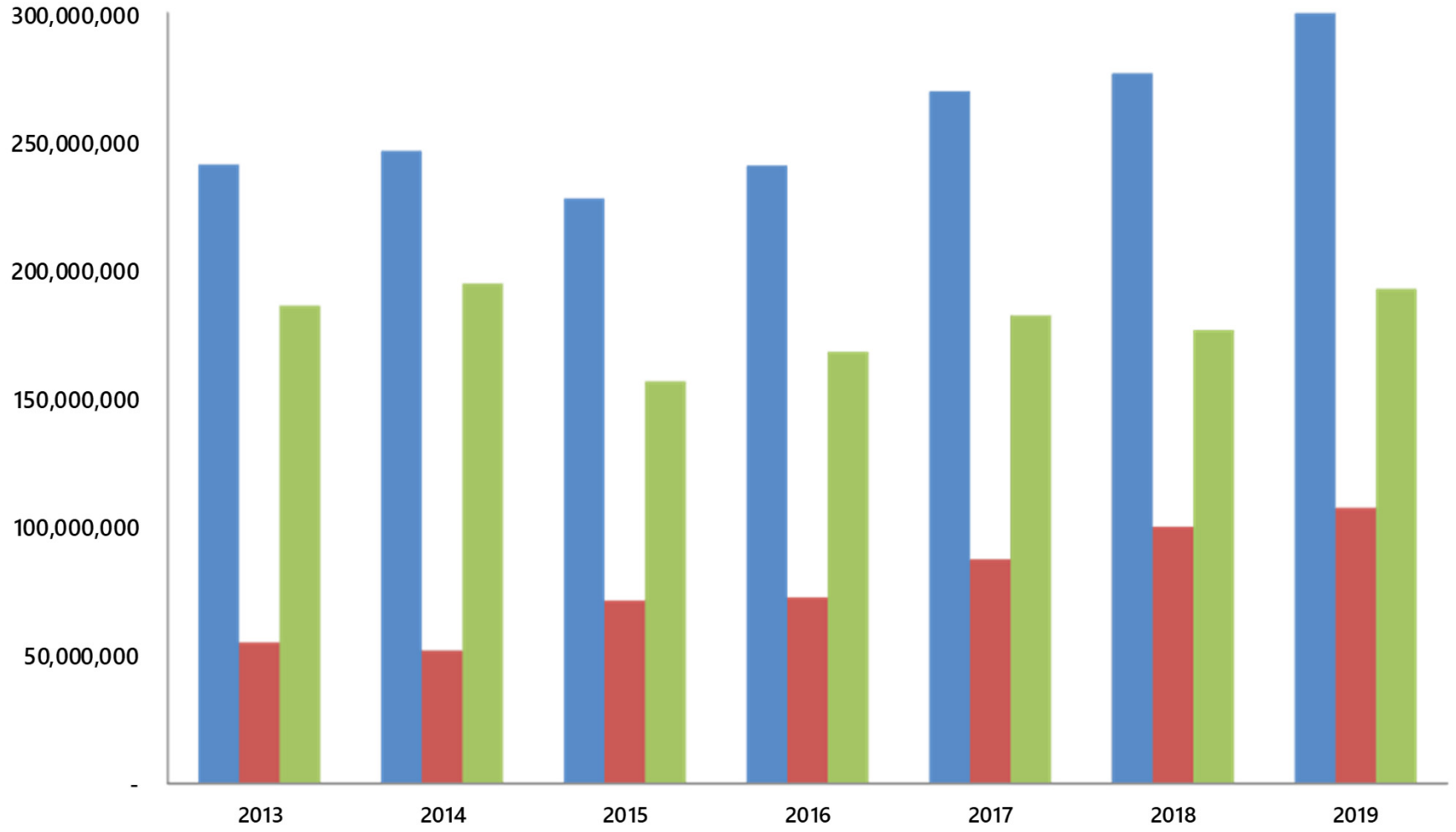
Current Year Findings
None

* Legend for Type of Findings

- **A.** Material Weakness in Internal Control Over Financial Reporting
- **B.** Significant Deficiency in Internal Control Over Financial Reporting
- **C.** Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- **D.** Material Weakness in Internal Control Over Compliance of Federal Awards
- **E.** Significant Deficiency in Internal Control Over Compliance of Federal Awards
- **F.** Instance of Noncompliance related to Federal Awards
- **G.** Non-compliance with State Audit Rule, NM State Statutes, NMAC, or Other Entity Compliance
- **H.** Instance of Material Non-compliance

CITY OF GALLUP

Balance Sheet Analysis



	2013	2014	2015	2016	2017	2018	2019
Assets and Deferred Outflows	240,888,628	246,263,947	227,721,331	240,551,455	269,394,651	276,415,797	299,869,483
Liabilities and Deferred Inflows	54,888,569	51,673,046	71,233,431	72,454,886	87,277,959	99,921,493	107,299,969
Net Position	186,000,059	194,590,901	156,487,900	168,096,569	182,116,692	176,494,304	192,569,514

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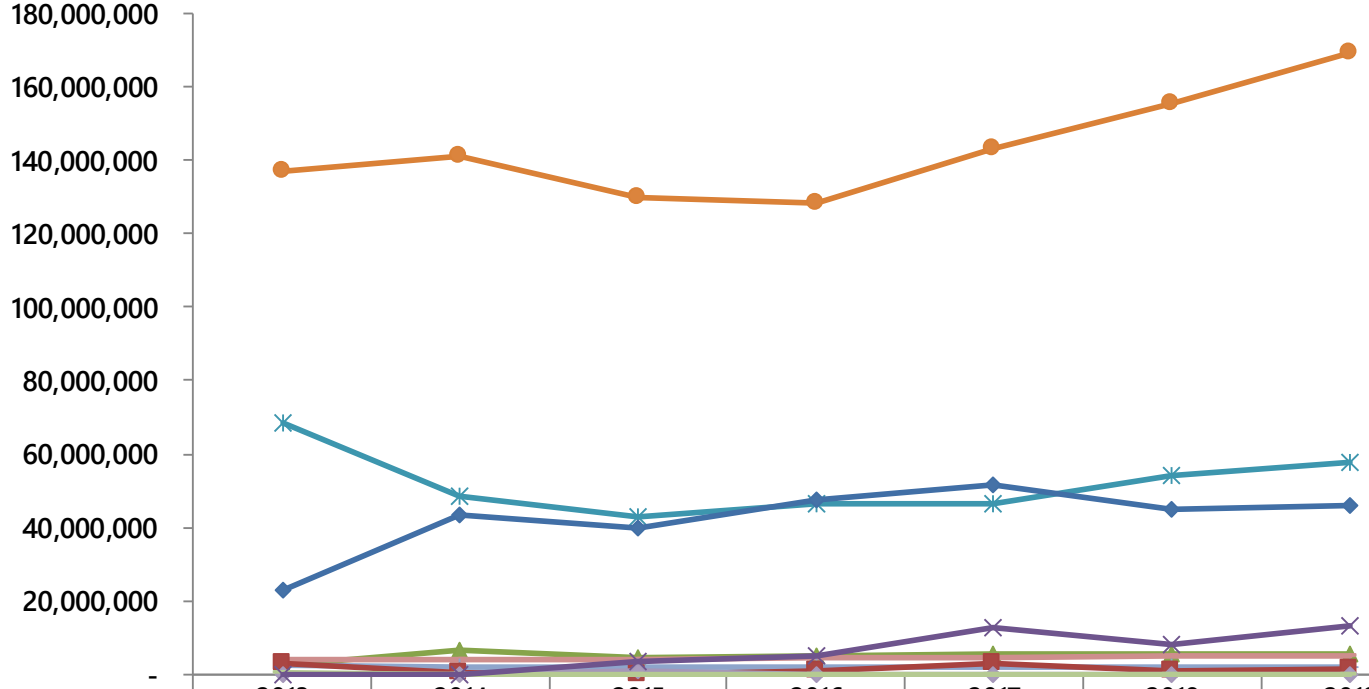
Assets and Deferred Outflows Over Time



	2013	2014	2015	2016	2017	2018	2019
Capital Assets, net	137,050,630	141,292,496	129,715,978	128,519,917	143,348,533	155,453,173	169,066,503
Investments	68,442,471	48,696,603	43,129,513	46,593,514	46,406,249	54,292,230	57,763,851
Cash & Cash Equivalents	22,886,567	43,233,945	39,944,376	47,668,416	51,812,190	45,149,140	45,833,487
Accounts Receivables, net	2,386,970	6,661,953	4,469,769	4,974,193	5,615,673	5,645,066	5,467,435
Taxes Receivables	4,131,290	3,859,621	3,972,062	4,399,555	4,638,539	4,816,540	5,103,668
Inventory and Prepaid Expenses	2,435,609	2,161,780	2,057,301	2,054,660	1,973,536	2,023,751	1,940,749
Grants Receivables	3,100,806	349,219	-	1,098,749	2,779,103	1,155,585	1,528,031
Customer Deposits	-	-	947,022	-	-	-	-
Bond Discount and Issuance, net	454,285	8,330	-	-	-	-	-
Deferred Outflows of Resources	-	-	3,485,310	5,242,451	12,820,828	7,880,312	13,165,759

	2013	2014	2015	2016	2017	2018	2019
Total Assets and DO	240,888,628	246,263,947	227,721,331	240,551,455	269,394,651	276,415,797	299,869,483
Total Assets without DO	240,888,628	246,263,947	224,236,021	235,309,004	256,573,823	268,535,485	286,703,724

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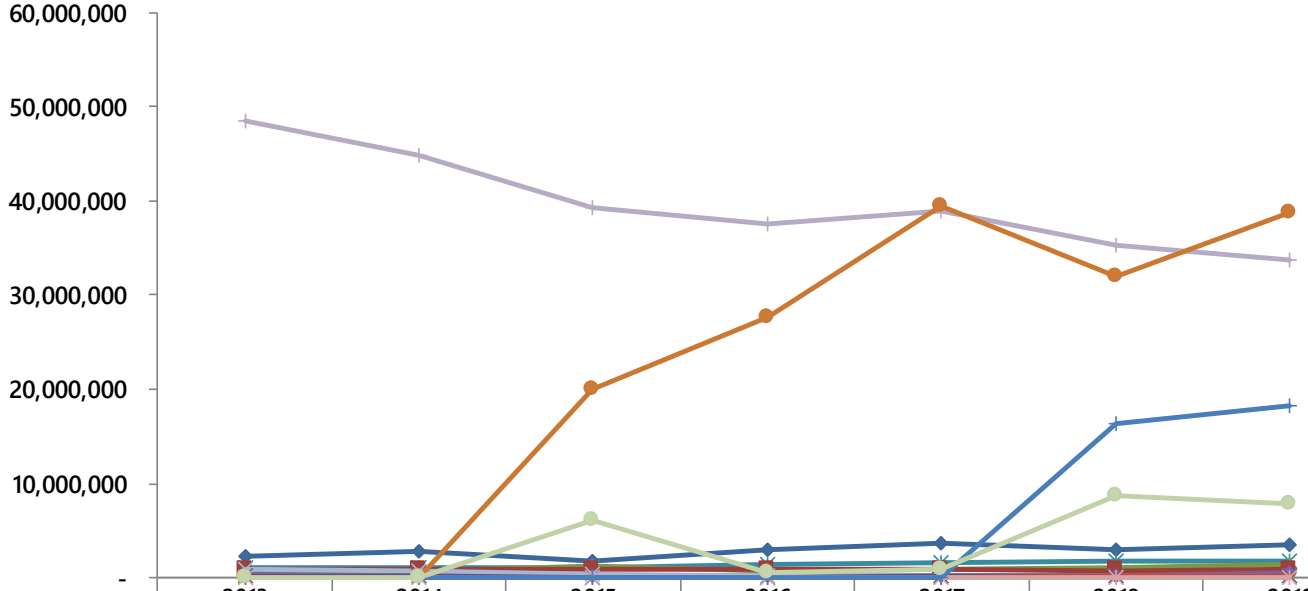
Liabilities and Deferred Inflows Over Time



	2013	2014	2015	2016	2017	2018	2019
Bonds and Notes Payable	48,510,907	44,824,013	39,338,957	37,530,541	38,859,463	35,252,149	33,663,305
Accounts Payable	2,249,101	2,884,546	1,703,594	2,912,208	3,623,264	2,957,671	3,517,718
Compensated Absences	1,065,543	1,065,905	1,022,093	1,467,110	1,644,650	1,714,430	1,746,913
Accrued Payroll Liabilities	705,523	662,370	1,247,702	764,882	957,283	1,151,196	1,371,374
Deposits Held in Trust for Others	931,807	909,258	947,022	946,103	932,186	876,651	925,786
Landfill Liability	300,000	326,857	249,103	206,938	188,126	270,418	487,000
Accrued Tax Liability	171,439	173,022	157,770	-	211,120	213,322	207,672
Bond Premium, net	810,953	706,421	297,049	245,742	221,718	197,694	173,669
Accrued Interest Payable	133,151	117,285	101,985	73,045	130,186	122,563	110,839
Unearned Revenue	-	-	-	83,169	85,594	121,749	121,376
Other Liabilities	10,145	3,369	1,881	3,789	7,658	7,210	7,132
Net Pension Liability	-	-	20,002,807	27,598,329	39,499,634	31,979,628	38,745,175
Net OPEB Liability	-	-	-	-	-	16,406,016	18,330,925
Deferred Inflows of Resources	-	-	6,163,468	623,030	917,077	8,650,796	7,891,085

	2013	2014	2015	2016	2017	2018	2019
Total Liabilities and DI	54,888,569	51,673,046	71,233,431	72,454,886	87,277,959	99,921,493	107,299,969
Total Liabilities w/out NPL, NOPEBL, DI	54,888,569	51,673,046	45,067,156	44,233,527	46,861,248	42,885,053	42,332,784

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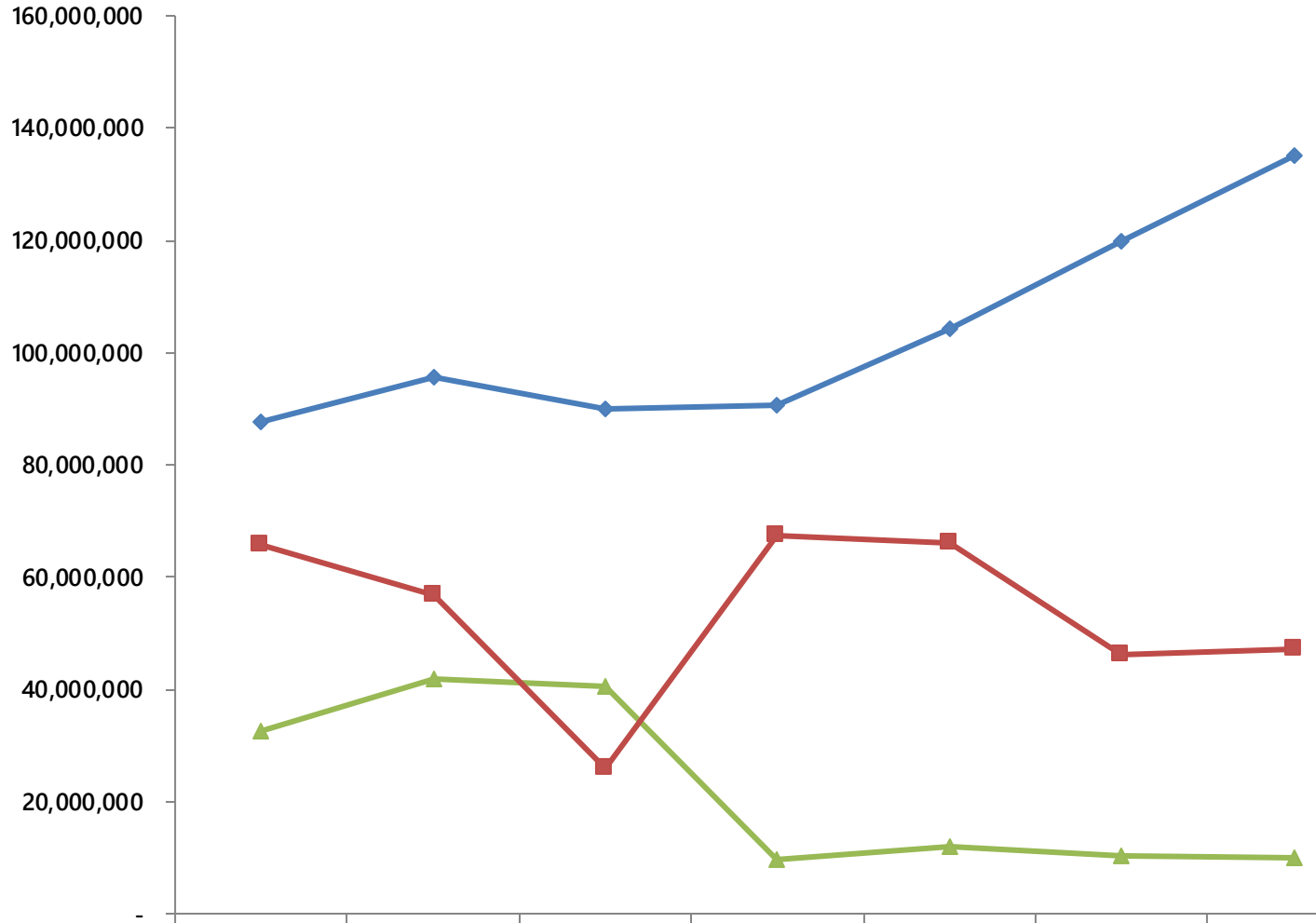
Net Position Over Time



	2013	2014	2015	2016	2017	2018	2019
Invested in Capital Assets, net	87,595,619	95,644,777	89,977,987	90,670,589	104,137,166	119,880,767	135,118,691
Restricted	32,680,408	42,006,027	40,563,738	9,856,598	11,951,981	10,437,469	10,163,830
Unrestricted	65,724,032	56,940,097	25,946,175	67,569,382	66,027,545	46,176,068	47,286,993

	2013	2014	2015	2016	2017	2018	2019
Total Net Position	186,000,059	194,590,901	156,487,900	168,096,569	182,116,692	176,494,304	192,569,514
Unrestricted w/out NPL, NOPEBL, DI, DO	65,724,032	56,940,097	48,627,140	90,548,290	89,006,453	95,332,196	99,088,419

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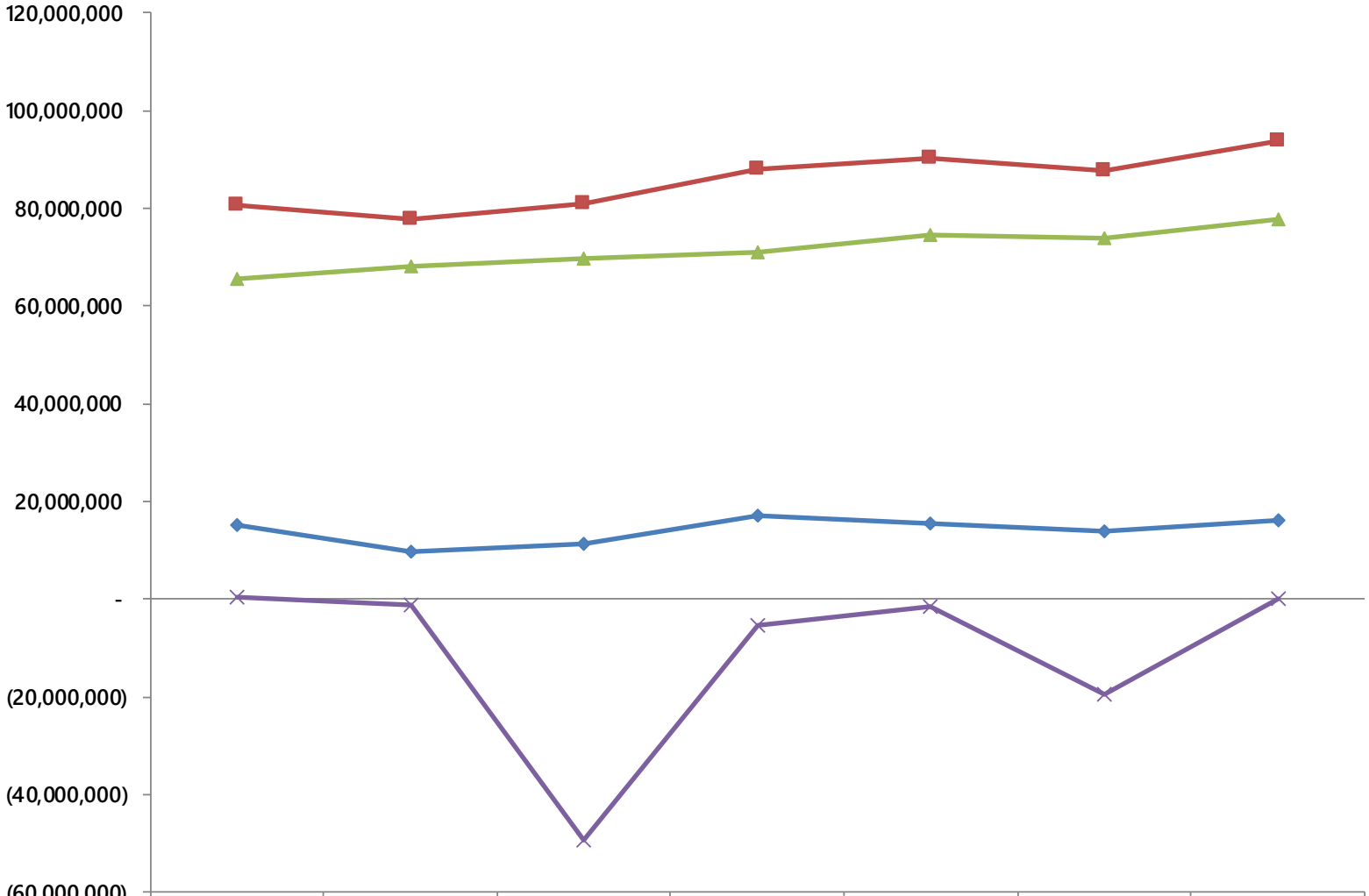
Change in Net Position



	2013	2014	2015	2016	2017	2018	2019
Revenue	80,537,962	77,763,134	81,135,621	87,996,377	90,226,586	87,710,517	93,980,478
Expenses	65,435,095	68,006,240	69,731,077	70,896,735	74,709,661	73,845,165	77,905,268
Change in Net Position	15,102,867	9,756,894	11,404,544	17,099,642	15,516,925	13,865,352	16,075,210
Restatements	244,576	(1,166,052)	(49,507,545)	(5,490,973)	(1,496,802)	(19,487,740)	-

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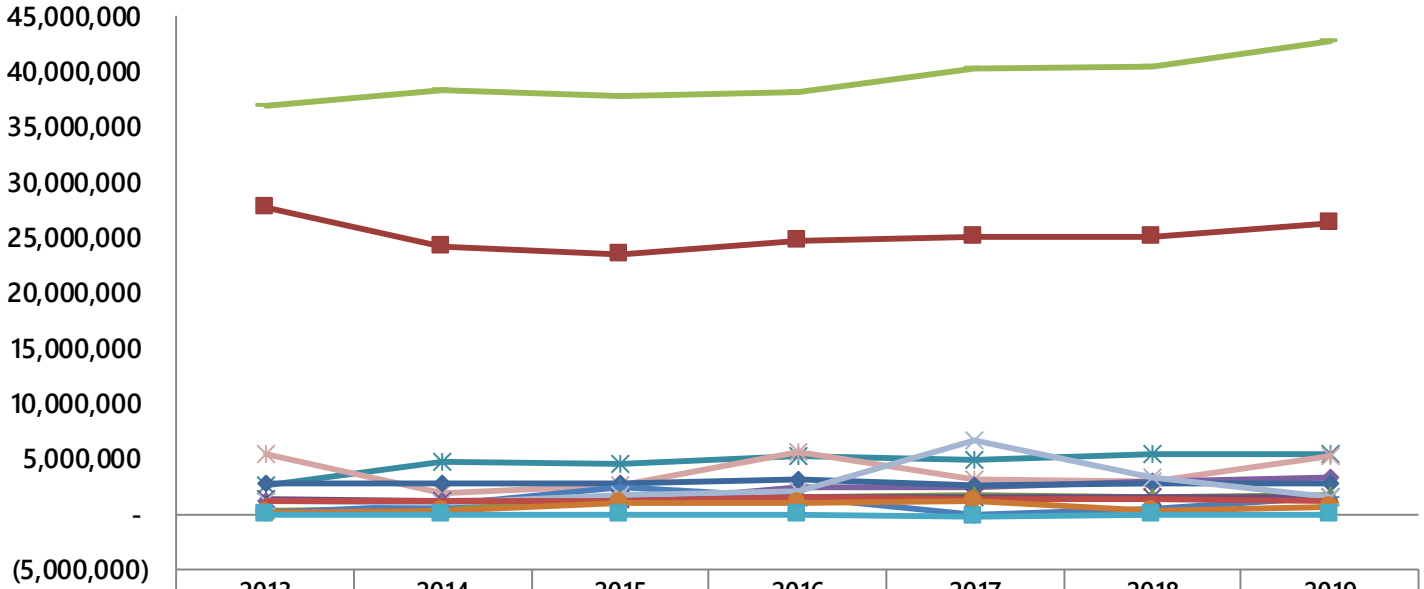
Revenues



	2013	2014	2015	2016	2017	2018	2019
Charges for Services - BT	36,848,015	38,294,847	37,765,352	38,154,675	40,267,343	40,369,089	42,673,659
Gross Receipts Tax	27,610,149	24,071,553	23,484,020	24,602,886	25,020,474	25,101,857	26,295,382
Charges for Services - Gov	2,551,139	4,758,147	4,462,129	5,317,310	4,963,163	5,357,838	5,428,161
Capital Grants & Contributions - BT	5,344,973	1,796,846	2,532,846	5,665,570	3,053,252	2,906,009	5,223,589
Operating Grants & Contributions - Gov	1,231,206	1,185,948	966,506	2,378,833	2,459,720	2,931,965	3,239,341
Property Taxes	2,789,611	2,784,114	2,720,296	3,093,049	2,589,717	2,693,230	2,796,161
Franchise Tax	315,065	502,736	1,577,196	1,508,579	1,612,224	1,567,211	1,659,587
Investment Earnings	45,806	822,685	2,447,013	1,499,039	(149,210)	474,246	1,603,262
Lodger's Tax	1,333,588	1,234,155	1,289,472	1,474,137	1,478,840	1,502,191	1,588,339
Capital Grants & Contributions - Gov	1,177,613	907,570	1,734,780	2,021,961	6,656,472	3,275,845	1,577,500
Gas Tax	1,146,985	1,173,910	1,206,090	1,452,652	1,352,388	1,267,349	1,173,715
Miscellaneous	143,812	230,623	949,921	934,473	1,126,330	264,229	721,782
Gain/(Loss) on Disposition of Capital Assets	-	-	-	(106,787)	(204,127)	(542)	-

	2013	2014	2015	2016	2017	2018	2019
Total Revenues	80,537,962	77,763,134	81,135,621	87,996,377	90,226,586	87,710,517	93,980,478

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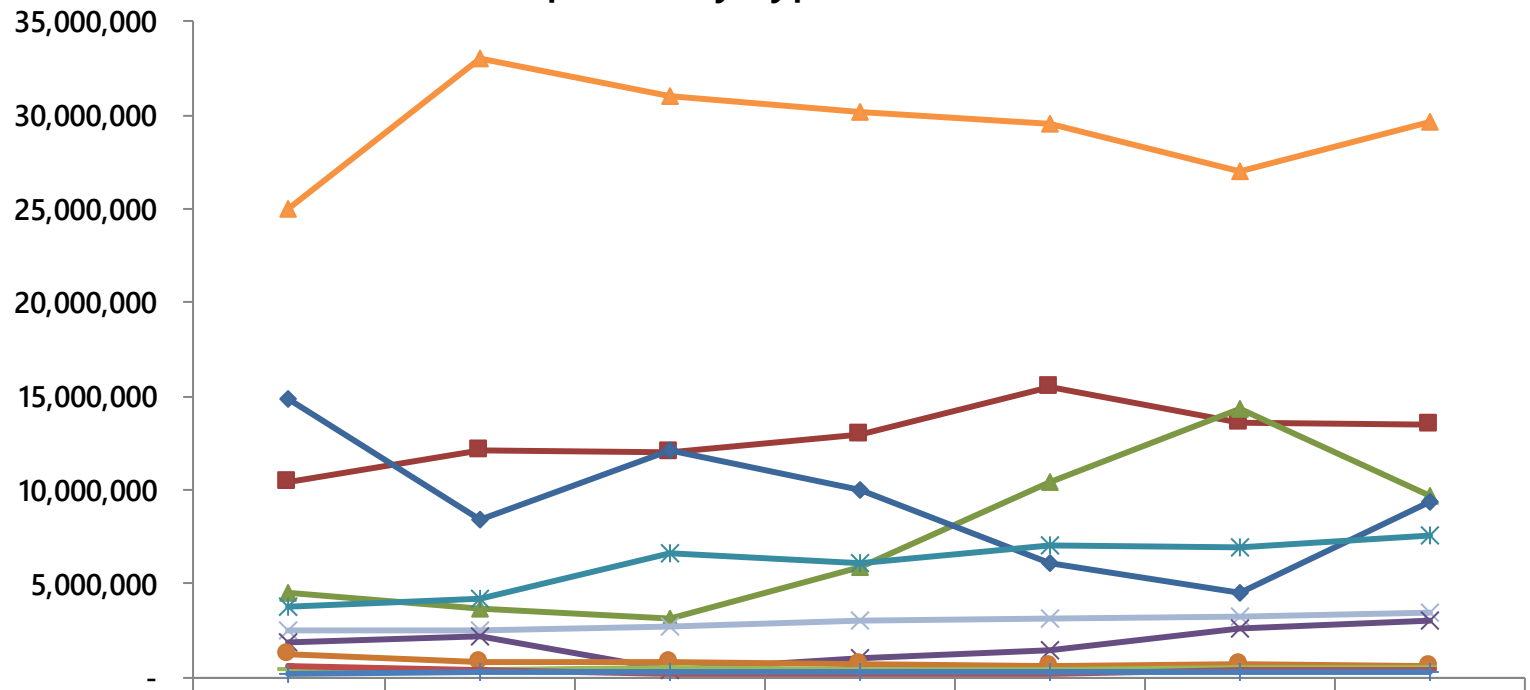
CITY OF GALLUP

Expenses By Type



	2013	2014	2015	2016	2017	2018	2019
Joint Utility	25,023,953	32,979,480	30,974,756	30,202,120	29,543,676	26,956,874	29,597,723
Public Safety	10,394,180	12,117,061	12,027,719	12,968,196	15,462,776	13,634,440	13,484,221
Public Works	4,557,808	3,709,921	3,114,853	5,895,088	10,434,213	14,285,725	9,715,075
General Government	14,855,116	8,469,910	12,065,448	10,050,192	6,072,665	4,562,416	9,355,961
Cultural & Recreation	3,787,019	4,153,246	6,628,001	6,147,777	6,995,650	6,887,974	7,550,515
Solid Waste	2,524,107	2,475,657	2,694,621	3,019,442	3,142,944	3,198,402	3,431,262
Health & Welfare	1,854,367	2,224,316	425,625	1,024,362	1,494,447	2,572,856	3,057,999
Debt Service Interest	1,198,941	787,967	830,633	700,372	652,721	668,660	623,133
Gamerco	395,082	436,987	526,747	404,640	418,115	470,071	461,254
Rodeo	614,899	373,516	196,346	234,866	231,565	343,715	341,476
Fitness Center	229,623	278,179	246,328	249,680	260,889	264,032	286,678

	2013	2014	2015	2016	2017	2018	2019
Total Expenses	65,435,095	68,006,240	69,731,077	70,896,735	74,709,661	73,845,165	77,905,297

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CITY OF GALLUP

Where did the Governmental Activities Money go in 2019?

General Government, 21%
Public Safety, 31%
Public Works, 22%
Health & Welfare, 7%
Culture & Recreation, 17%
Interest, 1%

Where did the Governmental Activities Money go in 2018?

General Government, 11%
Public Safety, 32%
Public Works, 34%
Health & Welfare, 6%
Culture & Recreation, 16%
Interest, 2%

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New Accounting Standards

The following new accounting standards may impact the County in future years. We offer the following information about these new standards to help you prepare for future implementation:

GASB 84 – Fiduciary Activities (*effective fiscal year 2020*)

- Establishes criteria for identifying fiduciary activities of all state and local governments:
  - (1) whether a government is controlling the assets of the fiduciary activity
  - (2) the beneficiaries with whom a fiduciary relationship exists
- Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities

GASB 87 – Leases (*effective fiscal year 2021*)

- Establishes a single model for lease accounting (removes long-term operating leases)
- Requires lessee to recognize a lease liability and intangible right-to-use lease asset
- Requires lessor to recognize a lease receivable and deferred inflows of resources
- Requires additional disclosures for both lessee and lessor

CITY OF GALLUP

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Thank You

We appreciate all the support we received from Finance and Management!

CITY OF GALLUP

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CITY OF GALLUP

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CITY OF GALLUP

HINKLE + LANDERS

Certified Public Accountants + Business Consultants

STATE OF NEW MEXICO
CITY OF GALLUP

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

2500 9th St. NW, Albuquerque, NM 87102 · 505.883.8788 · www.HL-cpas.com

STATE OF NEW MEXICO
CITY OF GALLUP
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CITY OF GALLUP
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STATE OF NEW MEXICO
CITY OF GALLUP
OFFICIAL ROSTER
AS OF JUNE 30, 2019

CITY COUNCIL

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

ADMINISTRATIVE OFFICIALS

NAME	TITLE
Maryann Ustick	City Manager
Curtis Hayes	City Attorney
Patty Holland, CPA	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

The Mayor and City Councilors
State of New Mexico, City of Gallup and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Gallup (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and the schedule of changes in the fiduciary assets and liabilities-agency funds, as listed in the table of contents, as supplementary information, are presented for purposes of additional analysis and are not required part of the basic financial statements.

The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not required part of the basic financial statements. The other schedules, as required by 2.2.2 NMAC, as listed as other supplementary information in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules, listed as supplementary and other supplementary information in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements and schedules were fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hinkle + Landers, P.C.

Hinkle + Landers, PC
Albuquerque, New Mexico
December 2, 2019

STATE OF NEW MEXICO
CITY OF GALLUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

As management of the City of Gallup, we offer the readers of the City of Gallup financial statements this narrative overview and analysis of the financial activities of the City of Gallup for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Gallup and additional information provided.

Financial Highlights

- The assets of the City of Gallup exceeded its liabilities at the close of the most recent fiscal year by $192,569,514 (*net position)*. Of this amount, $47,286,993 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's governmental activities net position increased by $1,218,974, compared to prior year. Property Taxes, Gross Receipts Taxes, Lodgers Tax, Investment Income, Miscellaneous Income and Transfers grew to help generate higher revenues while expenses were held to minimal growth, causing the overall increase.
- The business-type activities total net position assets increased by $14,856,236, compared to prior year.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate housing authority for which the City is financially accountable.

Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

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

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

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

The budget of the general fund is found in this report as noted in the Table of Contents.

Business-type funds. The City maintains five (5) proprietary funds and one (1) internal service fund. The proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses these funds to account for its Joint Utility (electric, water, and waste water), Solid Waste, Fitness Center, Rodeo, 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.

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Gallup, assets exceeded liabilities by $192,569,514 at the close of the most recent fiscal year.

The largest portion of the City of Gallup' net position, 70%, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment less accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

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

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City of Gallup
Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Current and other assets	$ 28,902,527	28,330,061	88,734,694	84,752,252	117,637,221	113,082,313
Capital assets, net of accumulated depreciation	73,800,735	72,237,155	95,265,769	83,216,017	169,066,504	155,453,172
Deferred outflows of resources	10,440,251	6,085,728	2,725,507	1,794,583	13,165,758	7,880,311
Total assets and deferred outflows or resources	113,143,513	106,652,944	186,725,970	169,762,852	299,869,483	276,415,796
Current and other assets	$ 5,390,149	5,001,059	6,183,013	5,832,913	11,573,162	10,833,972
Long-term liabilities outstanding	64,311,612	58,748,319	23,524,110	21,688,405	87,835,722	80,436,724
Deferred inflows of resources	6,526,426	7,207,214	1,364,659	1,443,582	7,891,085	8,650,796
Total liabilities and deferred inflows of resources	$ 76,228,187	70,956,592	31,071,782	28,964,900	107,299,969	99,921,492
Net position	$ 36,915,326	35,696,352	155,654,188	140,797,952	192,569,514	176,494,304

Overall net position increased by $16,075,210. This was a 9% increase in net position from prior year. Overall revenues and expenses increased.

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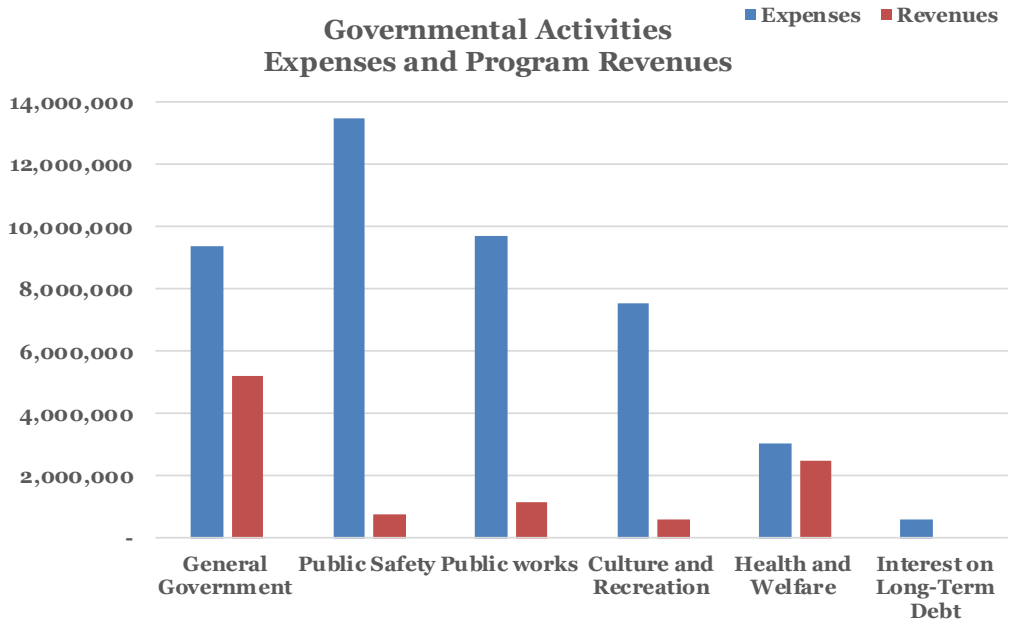
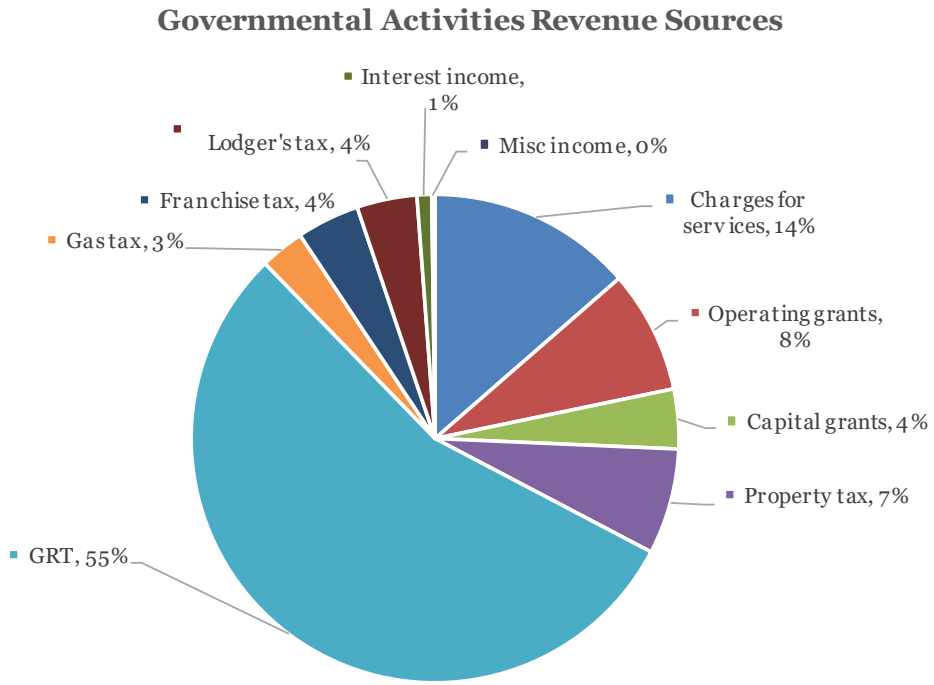
City of Gallup
Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenues						
Taxes	$ 29,170,610	28,073,433	4,342,574	4,058,405	33,513,184	32,131,838
Intergovenmental	4,816,841	6,207,810	5,223,589	2,906,009	10,040,430	9,113,819
Charges for services	5,428,161	4,921,999	42,673,659	40,369,089	48,101,820	45,291,088
Other	475,460	694,279	1,849,584	479,493	2,325,044	1,173,772
Total revenue	39,891,072	39,897,521	54,089,406	47,812,996	93,980,478	87,710,517
Expenses						
General government	9,355,877	4,562,417	-	-	9,355,877	4,562,417
Public safety	13,484,256	13,634,440	-	-	13,484,256	13,634,440
Public works	9,715,095	14,285,725	-	-	9,715,095	14,285,725
Culture and recreation	7,550,515	6,887,974	-	-	7,550,515	6,887,974
Health and welfare	3,057,999	2,572,856	-	-	3,057,999	2,572,856
Interest on long-term debt	623,133	668,660	-	-	623,133	668,660
Joint utility	-	-	29,597,723	26,956,874	29,597,723	26,956,874
Solid waste	-	-	3,431,262	3,198,402	3,431,262	3,198,402
Fitness center	-	-	286,678	264,032	286,678	264,032
Rodeo	-	-	341,476	343,715	341,476	343,715
Gamerco	-	-	461,254	470,071	461,254	470,071
Total expenses	43,786,875	42,612,072	34,118,393	31,233,094	77,905,268	73,845,166
Transfers	5,114,777	4,298,715	(5,114,777)	(4,298,715)	-	-
Change in net position	$ 1,218,974	1,584,164	14,856,236	12,281,187	16,075,210	13,865,351

Governmental activities. Governmental activities increased the City's net position by $1,218,974 (net of restatements). Key elements of current year operations are as follows:

- Charges for services increased by $506,162 due to increases in usage of recreational facilities around the City and the reopening of the Golf Course, after major renovations.
- Operating grants and contributions increased by $307,376, primarily due to the continuing efforts to renew existing funding as well as obtain new funding. Primary new funding includes programming related to detoxification services and safe shelter housing.
- Capital grants and contributions decreased by $1,698,345.
- Expenses increased by $1,174,803, representing an increase of 2.8% from the prior fiscal year.

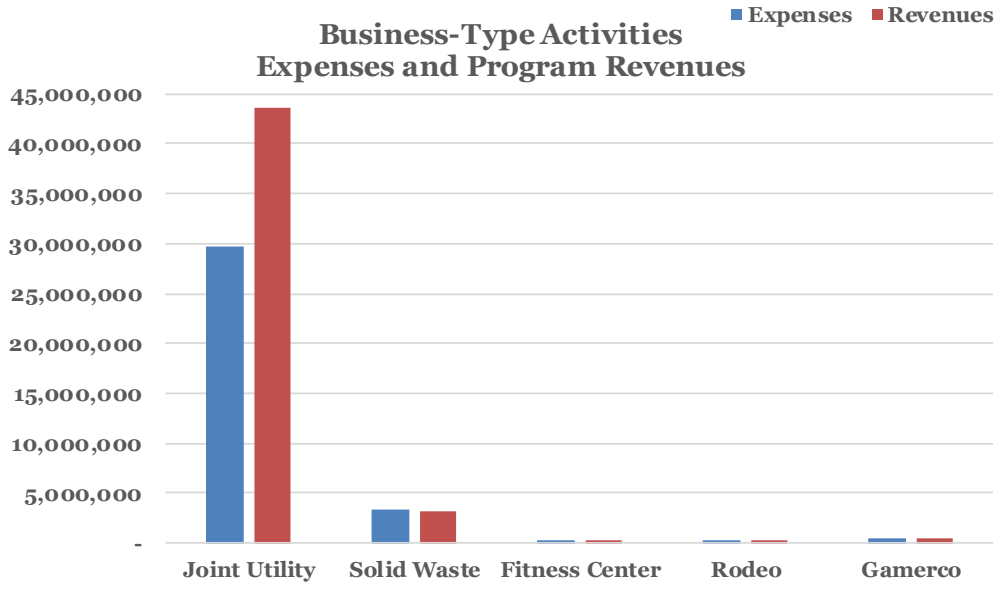


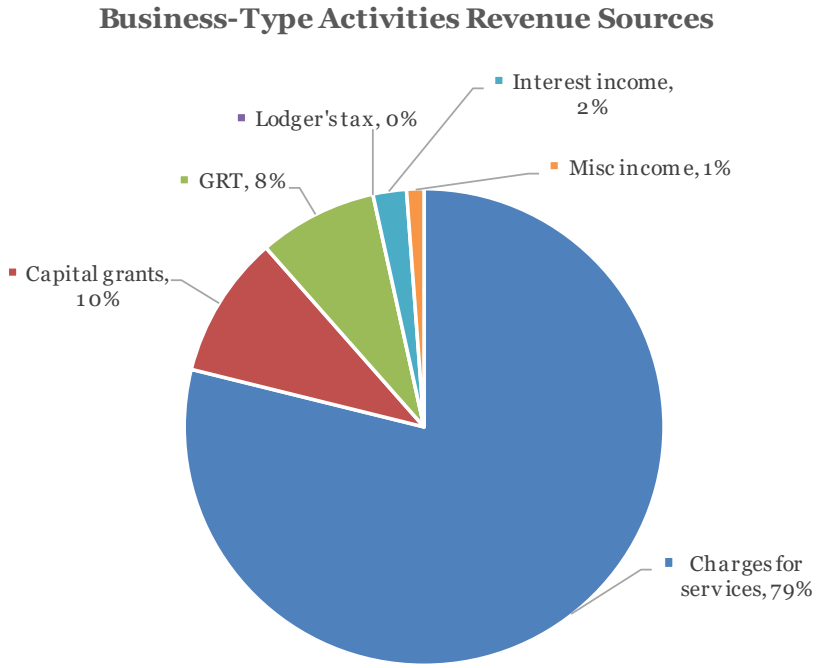


Business-type activities. Business-type activities increased the City's net position by $14,856,236 (net of restatements). Key elements of this increase are as follows:

- Charges for services increased by $2,304,570, representing a 5.7% increase from the prior fiscal year, primarily due to rate increases to help support upcoming capital projects and major repair and maintenance of the utility system.
- Capital grants and Contributions increased by $2,317,580, representing an 80% increase from the prior fiscal year. This primarily represents an increase in funding from NMFA for the Navajo Gallup pipeline project.

- Overall expenses for business-type activities increased $2,885,299. Specifically, the expenses for the Joint Utility fund increased $2,640,849, representing an increase of 9.8% from the prior fiscal year. The Solid Waste and Fitness Center also had increases in expenditures for the year. The Rodeo and Gamerco had decreases in expenditures for the year.





Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Gallup' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Gallup' 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 $24,470,126, a decrease of $257,868, or 1%, in comparison with the prior year. The General Fund individually had a decrease in fund balance of $278,081, which is available for spending at the City's discretion.

Key factors in this decrease are as follows:

- Property taxes increased by $72,317,
- Gross receipts increased by $909,356,
- Gas taxes decreased by $93,634,
- Franchise taxes increased by $92,376,
- Lodgers tax increased by $86,148,
- State operating and capital grants decreased by $2,029,459,
- Federal operating and capital grants increased by $638,489,
- Charges for service decreased by $933,794, and
- Total expenses decreased by $2,535,610.

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

Total unrestricted net position at the end of the year amounted to $72,314,583. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget totaled $346,201 in revenues and $5,053,607 in expenditures and can be briefly summarized as follows:

- Gross Receipts final amended budget revenues exceeded original projection by $1,275,515.
- Charges for Service final amended budget revenues exceeded original projection by $50,756.
- General Government final amended budget expenditures exceeded original projection by $923,857.
- Public safety final amended budget expenditures were below original projection by $123,818.
- Public works final amended budget expenditures exceeded original projection by $177,197.
- Culture and recreation final amended budget expenditures exceeded original projection by $275,764.
- Capital outlay final amended budget expenditures exceeded original projection by $3,800,607.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to $169,066,504 (net of accumulated depreciation and relate). This investment in capital assets includes land, construction in process, buildings, improvements, machinery and equipment, vehicles, and distribution systems; net of accumulated depreciation. The total increase in the City's investment in capital assets for the current fiscal year was 9% (2% increase for governmental activities and 14% increase for business-type activities).

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

- Land and construction in process acquisitions and deletions resulted in a combined increase of $10,356,467.
- Building acquisitions and deletions, resulted in no change.
- Miscellaneous improvements acquisitions and deletions resulted in an increase of $2,990,433.
- Equipment acquisitions and deletions resulted in an increase of $2,169,516.
- Infrastructure acquisitions and deletions resulted in an increase of $4,213,134.
- Easement acquisitions and deletions resulted in an increase of $18,200.
- Accumulated depreciation additions and deletions resulted in an increase of $6,134,416.

City of Gallup
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Land	$ 13,559,240	13,559,240	2,855,540	2,834,940	16,414,780	16,394,180
Construction in progress	1,034,868	183,688	41,075,508	31,590,821	42,110,376	31,774,509
Buildings	23,566,957	23,566,957	32,841,052	32,841,052	56,408,009	56,408,009
Other improvements	6,099,582	3,109,149	533,386	533,386	6,632,968	3,642,535
Equipment	14,895,569	13,536,671	10,955,822	10,145,204	25,851,391	23,681,875
Infrastructure	78,030,898	78,030,898	56,304,748	52,091,614	134,335,646	130,122,512
Easement	-	-	18,200	-	18,200	-
Accumulated depreciation	(63,386,379)	(59,749,449)	(49,318,487)	(46,821,001)	(112,704,866)	(106,570,450)
Net capital assets	$ 73,800,735	72,237,154	95,265,769	83,216,016	169,066,504	155,453,170

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

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Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $25,005,000. Of this amount, $5,340,000 comprises debt backed by property taxes, $12,865,000 comprises debt backed by gross receipts tax revenues, and $6,800,000 is backed by revenue generated by Utilities. The remaining loan debt of $8,658,305 is made up of loans backed by specific operational revenue sources. Other debt includes compensated absences, net pension liability, net OPEB liability, and landfill closure liability totaling an additional $58,983,476.

City of Gallup
Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
GO bonds	$ 5,340,000	5,520,000	-	-	5,340,000	5,520,000
Revenue bonds	12,865,000	14,380,000	6,800,000	8,565,000	19,665,000	22,945,000
Notes payable	519,250	636,660	8,139,055	6,150,489	8,658,305	6,787,149
Compensated absences	1,420,376	1,357,097	326,537	357,332	1,746,913	1,714,429
Net pension liability	32,275,550	26,569,506	6,469,625	5,410,122	38,745,175	31,979,628
Net OPEB liability	14,686,821	13,139,579	3,644,104	3,266,437	18,330,925	16,406,016
Landfill closure liability	-	-	487,000	270,418	487,000	270,418
Total Debt	$ 67,106,997	61,602,842	25,866,321	24,019,798	92,973,318	85,622,640

During the current fiscal year, the City's total debt outstanding increased by $7,350,678. During the year the City received additional New Mexico Environmental Department Loan funds. The loan is based upon an ongoing project with up to $2,240,000 available. The major contribution to the increase in debt is related to the increased in the net pension and net OPEB liabilities.

Credit Ratings

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

Debt Limitation

Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt to an aggregate amount, including existing indebtedness, not to exceed four (4) percent of the value of the taxable property in the City as shown by the last preceding general assessments. The current general obligation debt limitation for the City is approximately $14.0 million, with approximately $8 million as remaining capacity.

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

The net pension liability (NPL) is the largest single liability reported by the City of Gallup at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." In fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of New Mexico's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City of Gallup's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City of Gallup is not responsible for certain key factors affecting the balance of these liabilities. In New Mexico, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both New Mexico Legislature and approval of the Governor. Benefit provisions are also determined by State statute. NMSA 10-7C-9 requires all eligible employers to participate in the Retiree Health Care Act except as provided in Subsection D or Subsection E of this section. Participating employers are required to continue existing group health insurance coverages until such time as similar coverages are offered by the board.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In New Mexico, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The Public Employees Retirement Association of New Mexico is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Economic Factors and Next Year's Budget

- Budget revenues for fiscal year 2019 were projected using a 5-year average adjusted for a 3-year trend analysis.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, unfund balance in the general fund decreased $129,688 to $15,900,273. The City has appropriated $1,553,384 of fund balance for spending in the 2020 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 2020 fiscal year.

Utilities increased rates for the 2019 budget year. Electric rates increased by 2.9% for all customers, water rates increased by 4.0% and waste water rates increased by 20%. These rate increases were necessary for projected operational needs as well as capital improvements needs and financing of additional capital improvements.

Request for Information

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

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	Gallup Housing Authority
Assets					
Current assets					
Cash and cash equivalents	$	8,049,506	32,648,819	40,698,325	722,037
Investments		12,854,217	44,909,635	57,763,852	-
Receivables:					
Property taxes		264,080	-	264,080	-
Other taxes		4,155,482	684,106	4,839,588	-
Grants receivable		1,450,156	77,876	1,528,032	60,626
Accounts receivables, net		302,096	5,165,339	5,467,435	23,522
Inventory		186,306	1,754,443	1,940,749	47,011
Prepaid expenses and other current assets		-	-	-	18,428
Due from other funds		-	-	-	5,480
Total current assets		27,261,843	85,240,218	112,502,061	877,104
Noncurrent assets					
Restricted cash		1,640,684	2,568,690	4,209,374	54,086
Restricted cash - customer deposits		-	925,786	925,786	-
Due from other funds		-	-	-	46,663
Land and work in progress		14,594,107	43,931,045	58,525,152	1,645,108
Capital assets, depreciable		122,593,007	100,653,210	223,246,217	14,713,278
Less: accumulated depreciation		(63,386,379)	(49,318,486)	(112,704,865)	(8,649,841)
Total noncurrent assets		75,441,419	98,760,245	174,201,664	7,809,294
Total assets		102,703,262	184,000,463	286,703,725	8,686,398
Deferred Outflows of Resources					
Pension deferral		7,966,055	2,138,058	10,104,113	223,987
OPEB deferral		2,474,196	587,449	3,061,645	9,454
Total deferred outflows of resources		10,440,251	2,725,507	13,165,758	233,441
Total assets and deferred outflows of resources	$	113,143,513	186,725,970	299,869,483	8,919,839
Liabilities					
Current liabilities					
Accounts payable	$	1,159,632	2,365,218	3,524,850	49,023
Accrued payroll expenses		1,162,646	208,728	1,371,374	20,364
Accrued tax liability		-	207,672	207,672	-
Deposits held in trust for others		-	925,786	925,786	54,086
Accrued interest payable		98,817	12,022	110,839	-
Due to other funds		-	-	-	5,480
Unearned revenue		-	121,376	121,376	9,782
Bond premium, net		173,669	-	173,669	-
Compensated absences, current portion		923,244	212,249	1,135,493	13,267
Notes and loans payable, current portion		122,141	334,962	457,103	-
Bonds payable, current portion		1,750,000	1,795,000	3,545,000	-
Total current liabilities		5,390,149	6,183,013	11,573,162	152,002
Noncurrent liabilities					
Due to other funds		-	-	-	46,663
Compensated absences		497,132	114,288	611,420	33,771
Notes and loans payable		397,109	7,804,093	8,201,202	-
Bonds payable		16,455,000	5,005,000	21,460,000	-
Landfill closure costs		-	487,000	487,000	-
Net pension liability		32,275,550	6,469,625	38,745,175	832,261
Net OPEB liability		14,686,821	3,644,104	18,330,925	464,404
Total noncurrent liabilities		64,311,612	23,524,110	87,835,722	1,377,099
Total liabilities		69,701,761	29,707,123	99,408,884	1,529,101
Deferred Inflows of Resources					
Pension deferral		2,730,157	424,555	3,154,712	57,990
OPEB deferral		3,796,269	940,104	4,736,373	164,062
Total deferred inflows of resources		6,526,426	1,364,659	7,891,085	222,052
Net Position					
Net investment in capital assets		54,803,999	80,314,692	135,118,691	7,708,545
Restricted for:					
Other purposes		7,138,917	2,099,127	9,238,044	-
Security deposits		-	925,786	925,786	-
Unrestricted		(25,027,590)	72,314,583	47,286,993	(539,859)
Total net position		36,915,326	155,654,188	192,569,514	7,168,686
Total liabilities, deferred inflows of resources, and net position	$	113,143,513	186,725,970	299,869,483	8,919,839

See Independent Auditor's Report.
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, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					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	$ 9,355,877	4,442,574	329,927	418,889	(4,164,487)	-	(4,164,487)	-
Public safety	13,484,256	126,823	661,720	-	(12,695,713)	-	(12,695,713)	-
Public works	9,715,095	-	-	1,158,611	(8,556,484)	-	(8,556,484)	-
Culture and recreation	7,550,515	252,300	356,959	-	(6,941,256)	-	(6,941,256)	-
Health and welfare	3,057,999	606,464	1,890,735	-	(560,800)	-	(560,800)	-
Interest on long-term debt	623,133	-	-	-	(623,133)	-	(623,133)	-
Total governmental activities	43,786,875	5,428,161	3,239,341	1,577,500	(33,541,873)	-	(33,541,873)	-
Business-type Activities:								
Joint utility	29,597,723	38,409,401	-	5,223,589	-	14,035,267	14,035,267	-
Solid waste	3,431,262	3,193,489	-	-	-	(237,773)	(237,773)	-
Fitness center	286,678	260,956	-	-	-	(25,722)	(25,722)	-
Rodeo	341,476	351,718	-	-	-	10,242	10,242	-
Gamerco	461,254	458,095	-	-	-	(3,159)	(3,159)	-
Total business-type activities	34,118,393	42,673,659	-	5,223,589	-	13,778,855	13,778,855	-
Total Primary Government	$ 77,905,268	48,101,820	3,239,341	6,801,089	(33,541,873)	13,778,855	(19,763,018)	-
Component Units:								
Gallup Housing Authority	$ 2,478,684	862,224	1,040,698	874,167	-	-	-	298,405
		General Revenues:						
		Taxes						
		Property taxes, levied for general purposes			$ 2,796,161	-	2,796,161	-
		Gross receipts taxes			21,952,808	4,342,574	26,295,382	-
		Gas taxes			1,173,715	-	1,173,715	-
		Franchise tax			1,659,587	-	1,659,587	-
		Lodger's tax			1,588,339	-	1,588,339	-
		Investment income			387,902	1,215,360	1,603,262	83
		Miscellaneous income			87,558	634,224	721,782	46,272
		Transfers			5,114,777	(5,114,777)	-	-
		Total general revenues and transfers			34,760,847	1,077,381	35,838,228	344,760
		Change in net position			1,218,974	14,856,236	16,075,210	344,760
		Net position, beginning			35,696,352	140,797,952	176,494,304	6,823,926
		Net position, ending			$ 36,915,326	155,654,188	192,569,514	7,168,686

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

		General Fund	Non-Major Governmental Funds	Total
Assets				
Cash and investments	$	2,585,154	5,148,131	7,733,285
Restricted cash		1,501,669	139,015	1,640,684
Investments		9,863,477	1,306,961	11,170,438
Inventory		186,306	-	186,306
Receivables:				
Property taxes		216,587	47,493	264,080
Other taxes		4,054,885	100,597	4,155,482
Grants receivable		32,867	1,417,289	1,450,156
Accounts receivables, net		223,772	78,324	302,096
Due from other funds		1,255,000	-	1,255,000
Total assets	$	19,919,717	8,237,810	28,157,527
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	$	287,854	828,144	1,115,998
Accrued payroll expenses		1,046,452	107,338	1,153,790
Due to other funds		40,000	1,215,000	1,255,000
Total liabilities		1,374,306	2,150,482	3,524,788
Deferred inflows of resources				
Deferred inflows - property taxes		133,135	29,478	162,613
Total deferred inflows of resources		133,135	29,478	162,613
Fund balances				
Nonspendable		186,306	-	186,306
Restricted		2,495,650	4,643,267	7,138,917
Committed				
Debt service		-	1,671,165	1,671,165
Assigned		-	-	-
Unassigned		15,730,320	(256,582)	15,473,738
Total fund balances		18,412,276	6,057,850	24,470,126
Total liabilities, deferred inflows of resources, and fund balances	$	19,919,717	8,237,810	28,157,527

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds	$	24,470,126
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet (less Internal Service Funds).		73,648,615
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. Internal Service Fund balances not included in other reconciling items:		
Total net position, ending		1,746,282
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Bonds and notes payable		(16,852,109)
Compensated absences		(494,350)
Net pension related deferrals and liability		(26,837,855)
Net OPEB related deferrals and liability		(15,865,293)
Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds:		
Accrued interest payable		(98,817)
Bonds and notes payable		(1,872,141)
Compensated absences		(918,076)
Bond premium, net		(173,669)
Revenues not collected within sixty days after year end are considered "available" revenues and are considered to be "unavailable" revenues in the fund financial statements, but are considered revenue in the Statement of Activities:		
Property taxes		162,613
Net position of governmental activities	$	36,915,326

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		General Fund	Non-Major Governmental Funds	Total
Revenues:				
Taxes:				
Property	$	2,300,267	499,120	2,799,387
Gross receipts		21,952,808	-	21,952,808
Gasoline and motor vehicle		-	1,173,715	1,173,715
Franchise		1,659,587	-	1,659,587
Lodger's		-	1,588,339	1,588,339
Intergovernmental:				
State operating grants		101,653	1,289,416	1,391,069
State capital grants		-	1,076,987	1,076,987
Federal operating grants		62,585	1,785,687	1,848,272
Federal capital grants		-	500,513	500,513
Charges for services		1,527,767	989,780	2,517,547
Licenses and fees		103,821	-	103,821
Investment income		332,720	27,355	360,075
Miscellaneous		55,389	19,851	75,240
Total revenues		28,096,597	8,950,763	37,047,360
Expenditures:				
Current:				
General government		8,727,279	65,555	8,792,834
Public safety		11,691,871	231,427	11,923,298
Public works		1,963,016	2,719,551	4,682,567
Culture and recreation		3,971,064	2,470,887	6,441,951
Health and welfare		-	2,736,031	2,736,031
Capital outlay		3,594,574	1,816,001	5,410,575
Debt service:				
Principal		-	1,812,410	1,812,410
Interest		-	655,958	655,958
Total expenditures		29,947,804	12,507,820	42,455,624
Excess (deficiency) of revenues over expenditures		(1,851,207)	(3,557,057)	(5,408,264)
Other financing sources (uses)				
Transfers in		6,543,670	4,577,544	11,121,214
Transfers out		(4,970,544)	(1,000,274)	(5,970,818)
Total other financing sources (uses		1,573,126	3,577,270	5,150,396
Net change in fund balance		(278,081)	20,213	(257,868)
Fund balance, - beginning		18,690,357	6,037,637	24,727,994
Fund balance - ending	$	18,412,276	6,057,850	24,470,126

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds	$	(257,868)
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital expenditures recorded in capital outlay		5,443,136
Depreciation expense on capital assets, excluding internal service fleet fund, is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditure in governmental funds.		(4,031,674)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net change of the internal service funds resulting from transactions not recorded with governmental funds.		481,936
The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal payments on long-term debt payable		1,812,410
Change in accrued interest		8,799
Amortization of bond premium		24,025
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		(2,055,301)
OPEB expense		(144,102)
Change in compensated absences		(59,159)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Change in deferred inflows related to property taxes		(3,226)
Rounding		(2)
Change in net position of governmental activities	$	1,218,974

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (101, 390, 392, 393, 394)
FOR THE YEAR ENDED JUNE 30, 2019

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
Revenues:				
Taxes				
Property	$ 2,286,354	2,286,354	2,274,253	(12,101)
Gross receipts	20,378,000	20,378,000	21,653,515	1,275,515
Franchise	1,500,000	1,500,000	1,674,935	174,935
Intergovernmental:				
State operating grants	45,855	215,059	255,988	40,929
Federal operating grants	-	169,997	63,705	(106,292)
Charges for services	1,474,920	1,481,920	1,532,676	50,756
Licenses and fees	96,800	96,800	103,821	7,021
Investment income	289,534	289,534	332,720	43,186
Miscellaneous	150,000	150,000	84,217	(65,783)
Total revenues	26,221,463	26,567,664	27,975,830	1,408,166
Expenditures:				
Current:				
General government	9,130,537	10,054,394	8,649,629	1,404,765
Public safety	12,166,964	12,043,146	11,698,026	345,120
Public works	2,080,725	2,257,922	2,007,899	250,023
Culture and recreation	4,104,838	4,380,602	3,956,613	423,989
Capital outlay	438,632	4,239,239	2,507,647	1,731,592
Total expenditures	27,921,696	32,975,303	28,819,814	4,155,489
Excess (deficiency) of revenues over expenditures	(1,700,233)	(6,407,639)	(843,984)	5,563,655
Other financing sources (uses)				
Designated cash	1,791,218	5,648,814	-	(5,648,814)
Transfers in	3,200,674	4,065,028	4,052,633	(12,395)
Transfers out	(3,291,659)	(3,306,203)	(3,306,203)	-
Total other financing sources (uses)	1,700,233	6,407,639	746,430	(5,661,209)
Net change in fund balance	-	-	(97,554)	(97,554)
Fund balance - beginning of year	-	-	18,690,357	
Fund balance - end of year	$ -	-	18,592,803	
Change in fund balance (Budget Basis)			$ (97,554)	
To adjust applicable revenue accruals and deferrals			947,463	
To adjust applicable expenditure accruals			(1,127,990)	
Change in fund balance (GAAP basis)			$ (278,081)	

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019

		Joint Utility	Solid Waste 504	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
Assets						
Current Assets						
Cash and cash equivalents	$	31,306,008	121,826	1,220,985	32,648,819	316,221
Investments		42,519,164	2,390,471	-	44,909,635	1,683,779
Receivables:						
Other taxes		684,106	-	-	684,106	-
Grants receivable		77,876	-	-	77,876	-
Accounts receivables, net		4,696,619	386,204	82,516	5,165,339	-
Inventory		1,754,443	-	-	1,754,443	-
Total current assets		81,038,216	2,898,501	1,303,501	85,240,218	2,000,000
Noncurrent Assets						
Restricted cash		2,568,690	-	-	2,568,690	-
Restricted cash - customer deposits		925,786	-	-	925,786	-
Land and work in progress		43,516,607	313,878	100,560	43,931,045	-
Capital assets, depreciable		95,419,324	5,216,484	17,402	100,653,210	153,904
Less: accumulated depreciation		(45,562,220)	(3,749,608)	(6,658)	(49,318,486)	(1,784)
Total noncurrent assets		96,868,187	1,780,754	111,304	98,760,245	152,120
Total assets		177,906,403	4,679,255	1,414,805	184,000,463	2,152,120
Deferred Outflows of Resources						
Pension deferral		1,735,206	341,565	61,287	2,138,058	91,757
OPEB deferral		471,662	97,112	18,675	587,449	22,484
Total deferred outflows of resources		2,206,868	438,677	79,962	2,725,507	114,241
Total assets and deferred outflows of resources	$	180,113,271	5,117,932	1,494,767	186,725,970	2,266,361
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities						
Accounts payable	$	1,940,279	90,767	334,172	2,365,218	43,634
Accrued payroll expenses		163,582	40,701	4,445	208,728	8,856
Accrued tax liability		206,483	-	1,189	207,672	-
Deposits held in trust for others		925,786	-	-	925,786	-
Accrued interest payable		12,022	-	-	12,022	-
Unearned revenue		110,015	11,361	-	121,376	-
Compensated absences, current portion		162,886	44,145	5,218	212,249	5,168
Notes and loans payable, current portion		334,962	-	-	334,962	-
Bonds payable, current portion		1,795,000	-	-	1,795,000	-
Total current liabilities		5,651,015	186,974	345,024	6,183,013	57,658
Noncurrent Liabilities						
Compensated absences		87,709	23,770	2,809	114,288	2,782
Notes and loans payable		7,804,093	-	-	7,804,093	-
Bonds payable		5,005,000	-	-	5,005,000	-
Landfill closure costs		-	487,000	-	487,000	-
Net pension liability		5,262,586	1,007,721	199,318	6,469,625	273,465
Net OPEB liability		2,966,347	553,007	124,750	3,644,104	131,983
Total noncurrent liabilities		21,125,735	2,071,498	326,877	23,524,110	408,230
Total liabilities		26,776,750	2,258,472	671,901	29,707,123	465,888
Deferred Inflows of Resources						
Pension deferral		329,862	78,013	16,680	424,555	20,089
OPEB deferral		764,631	143,695	31,778	940,104	34,102
Total deferred inflows of resources		1,094,493	221,708	48,458	1,364,659	54,191
Net Position:						
Net investment in capital assets		78,422,634	1,780,754	111,304	80,314,692	152,120
Restricted:						
Debt service		2,099,127	-	-	2,099,127	-
Security deposits		925,786	-	-	925,786	-
Unrestricted		70,794,481	856,998	663,104	72,314,583	1,594,162
Total net position		152,242,028	2,637,752	774,408	155,654,188	1,746,282
Total liabilities, deferred inflows of resources, and net position	$	180,113,271	5,117,932	1,494,767	186,725,970	2,266,361

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Joint Utility	Solid Waste 504	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
Operating revenues:					
Charges for services	$ 38,409,401	3,193,489	1,070,769	42,673,659	2,810,986
Total operating revenues	38,409,401	3,193,489	1,070,769	42,673,659	2,810,986
Operating expenses:					
Personnel services	4,146,834	858,580	160,186	5,165,600	602,479
Contractual services	4,653,896	1,365,223	767,506	6,786,625	265,073
Supplies and equipment	213,973	46,450	36,357	296,780	54,274
Repairs and maintenance	1,295,153	156,931	36,594	1,488,678	-
Utilities	841,963	8,686	36,873	887,522	-
COGS (electricity)	12,432,124	-	-	12,432,124	-
Miscellaneous	3,382,484	448,311	48,992	3,879,787	1,405,774
Depreciation and amortization	2,454,867	547,081	2,900	3,004,848	1,784
Total operating expenses	29,421,294	3,431,262	1,089,408	33,941,964	2,329,384
Operating income (loss)	8,988,107	(237,773)	(18,639)	8,731,695	481,602
Non-operating revenues (expenses):					
Gross receipts and other taxes	3,837,594	504,980	-	4,342,574	-
Investment income	1,128,702	86,658	-	1,215,360	27,827
Interest expense	(176,429)	-	-	(176,429)	-
Miscellaneous income	618,947	15,277	-	634,224	8,126
Total non-operating revenues (expenses)	5,408,814	606,915	-	6,015,729	35,953
Transfers in	8,271,256	-	90,000	8,361,256	-
Transfers out	(13,088,521)	(387,512)	-	(13,476,033)	(35,619)
Federal capital grants	3,612,745	-	-	3,612,745	-
State capital grants	1,610,844	-	-	1,610,844	-
Net capital grants and transfers	406,324	(387,512)	90,000	108,812	(35,619)
Change in net position	14,803,245	(18,370)	71,361	14,856,236	481,936
Net position, beginning of year	137,438,783	2,656,122	703,047	140,797,952	1,264,346
Net position, end of year	$ 152,242,028	2,637,752	774,408	155,654,188	1,746,282

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Joint Utility	Solid Waste 504	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
Cash flows from operating activities:					
Receipts from customers and users	$ 38,713,773	3,188,824	1,077,289	42,979,886	2,810,986
Payments to employees	(3,834,115)	(785,501)	(144,124)	(4,763,740)	(577,266)
Payments to suppliers	(6,675,754)	(1,573,621)	(766,032)	(9,015,407)	(395,385)
Other receipts/(payments)	(15,814,608)	(231,729)	(48,992)	(16,095,329)	(1,405,774)
Net cash provided (used) by operating activities	12,389,296	597,973	118,141	13,105,410	432,561
Cash flows from noncapital financing activities:					
Gross receipts and other taxes	3,837,594	504,980	-	4,342,574	-
Grants and agreements	1,610,844	-	-	1,610,844	-
Miscellaneous revenue	618,947	15,277	-	634,224	8,126
Transfers from other funds	8,271,256	-	90,000	8,361,256	-
Transfers to other funds	(13,088,521)	(387,512)	-	(13,476,033)	(35,619)
Net cash provided (used) by noncapital financing activities	1,250,120	132,745	90,000	1,472,865	(27,493)
Cash flows from capital and related financing activities:					
Purchase of capital assets	(14,313,904)	(740,697)	-	(15,054,601)	(153,903)
Proceeds from issuance of debt	2,322,693	-	-	2,322,693	-
Principal payments	(2,099,127)	-	-	(2,099,127)	-
Interest payments	(176,429)	-	-	(176,429)	-
Capital grant revenue	3,612,745	-	-	3,612,745	-
Net cash provided (used) by capital and related financing activities	(10,654,022)	(740,697)	-	(11,394,719)	(153,903)
Cash flows from investing activities:					
Purchases of investments, net	(3,128,702)	(86,658)	-	(3,215,360)	(27,827)
Investment income	1,128,702	86,658	-	1,215,360	27,827
Net cash provided (used) by investing activities	(2,000,000)	-	-	(2,000,000)	-
Net increase (decrease) in cash and cash equivalents	985,394	(9,979)	208,141	1,183,556	251,165
Balances - beginning of year	33,815,090	131,805	1,012,844	34,959,739	65,056
Balances - end of year	$ 34,800,484	121,826	1,220,985	36,143,295	316,221

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Joint Utility	Solid Waste 504	Nonmajor Funds	Total	Governmental Activities Internal Service Fund 603
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 8,988,107	(237,773)	(18,639)	8,731,695	481,602
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	2,454,867	547,081	2,900	3,004,848	1,784
Pension expense	301,720	68,552	14,004	384,276	17,446
OPEB expense	36,266	5,845	936	43,047	1,126
Landfill postclosure costs	-	216,582	-	216,582	-
Bad debt expense	42,107	7,012	3,673	52,792	-
(Increase) decrease in:					
Accounts receivable	262,265	(11,677)	2,847	253,435	-
Inventory	110,246	-	-	110,246	-
(Decrease) increase in:					
Accounts payable	171,202	4,093	112,820	288,115	(76,038)
Accrued payroll	3,459	3,097	(1,225)	5,331	2,521
Customer deposits	49,134	-	-	49,134	-
Unearned revenue	1,573	(424)	(1,522)	(373)	-
Compensated absences	(28,726)	(4,415)	2,347	(30,794)	4,120
Other liabilities	(2,924)	-	-	(2,924)	-
Net cash provided (used) by operating activities	$ 12,389,296	597,973	118,141	13,105,410	432,561

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2019

Assets		
Cash and cash equivalents	$	271,592
Total assets	$	271,592
Liabilities		
Deposits payable	$	271,592
Total liabilities	$	271,592

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

A. Financial Reporting Entity

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships,

regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity. Based upon the application of these criteria, the City does have a component unit that is required to be reported under GASB Statements No. 14, No. 39, and No. 61.

Discretely Presented Component Unit

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

The City has elected to report the following major governmental funds:

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

The government reports the following major proprietary fund:

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

The *Solid Waste Fund (504)* accounts for the operations of the City's refuse system. Activities of the fund include the administration and operation of the system. All costs are financed through user fees.

Additionally, the government reports the following fund types:

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Receivables and Payables

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

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

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

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

The City estimates the utility allowance for uncollectible accounts based off the number of delinquent days and a percentage of current year and prior year write offs. The City estimates the percentage of accounts older than 120 days and applies that percentage to the overall balance.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (3) days thereafter, at which time they become delinquent. Property taxes are collected by McKinley County and remitted monthly to the City.

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable PERA and Retiree Health Care.

Unearned Revenue

The City reports unearned revenue on its financial statements. When resources are received in advance of charges for services being earned are in advance of any eligibility requirement other than a time requirement being met for government-mandated or voluntary nonexchange transactions (i.e. for intergovernmental revenues), a liability is reported for the unearned revenue.

Deferred Outflows/Inflows of Resources

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

The City has the following deferred outflows of resources during fiscal year 2019 on the fund financials:

Deferred Outflows of Resources - Fund Financials		
Pension deferrals	$	2,229,815
OPEB deferrals		609,933
Total deferred inflows of resources	$	2,839,748

The City has the following deferred outflows of resources during fiscal year 2019 on the government-wide financials:

Deferred Outflows of Resources - GW		
Pension deferrals	$	10,104,113
OPEB deferrals		3,061,645
Total deferred outflows of resources	$	13,165,758

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue.

The City has the following deferred inflows of resources during fiscal year 2019 on the fund financials:

Deferred Inflows of Resources - Fund Financials		
Property tax revenue	$	162,613
Pension deferrals		444,644
OPEB deferrals		974,206
Total deferred inflows of resources	$	1,581,463

The City has the following deferred inflows of resources during fiscal year 2019 on the government-wide financials:

Deferred Inflows of Resources - GW		
Pension deferrals	$	3,154,712
OPEB deferrals		4,736,373
Total deferred inflows of resources	$	7,891,085

Compensated Absences

Vacation Pay – Vacation is accrued by the following table:

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

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

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

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums, discounts as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Position

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

- *Net investment in capital assets* – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted Net Position* – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position* – All other net position that do not meet the definition of "restricted" or "investment in capital assets, net of related debt."

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

Governmental Fund Balances

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

- *Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.

- *Restricted* – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).

- *Committed* – Amounts constrained to specific purposes by the governmental entity's highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest-level action to remove or change the constraint.

- *Assigned* – Amounts constrained by the City intends to be used for specific purposes. Intent can be expressed by the governing body (City Council) or an official or body to which the governing body delegates authority. The authorization policy is in governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for that purpose of that fund.

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

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

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

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

Minimum Fund Balance Policy

The New Mexico Department of Finance and Administration (DFA) requires that 1/12 of the 2019 budgets expenditures in the general fund be restricted as subsequent-year expenditures to provide adequate cash reserves. The City follows this requirement in order to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. See the Schedule of Fund Balances, per the table of contents, for the amount of minimum fund balance.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Indirect Expenses

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

G. Budgetary Information

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

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

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

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

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

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

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

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

H. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA's. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. GASB 77 Disclosure

The City has no tax abatement agreements as of June 30, 2019, and therefore no disclosures under GASB 77 are required.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

A summary of the City's cash and investments as of June 30, 2019 is as follows:

Cash and investments		Amount
Cash and cash equivalents		
Cash on hand	$	13,465
Cash		46,091,612
Subtotal cash and cash equivalents		46,105,077
Investments		
State Treasurer's Investment Pool		299
Certificates of deposit		19,040,802
Money markets		27,773,068
US Agency Securities		10,949,683
Subtotal investments		57,763,852
Total cash and investments	$	103,868,929

Cash and investments by fund type		Amount
Governmental funds	$	20,544,407
Internal service funds		2,000,000
Subtotal governmental activities		22,544,407
Business-type activities		81,052,930
Fiduciary funds		271,592
Total cash and investments	$	103,868,929

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

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

As of June 30, 2019, the City's bank and investment balances of $90,762,625 were exposed to custodial credit risk as follows:

Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.	$	73,013,856
Uninsured and uncollateralized		-
Total uninsured deposits	$	73,013,856

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

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

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rated fixed by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit.

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

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

As of June 30, 2019, the City's investments were rated as follows:

Investment Type	Cost Basis	Market Value	Rating*	Weighted Average	Fair Value***
Money Market	$ 27,773,068	27,773,068	N/A	<1 Year	N/A
Certificate of Deposits	19,040,802	19,040,802	****	<3 Years	N/A
Federal National Mortgage Association	5,215,825	5,215,825	AAA	<6 Years	1
Federal Home Loan Mortgage Corp	1,638,327	1,638,327	AAA	<3 Years	1
Federal Home Loan Bank	2,790,015	2,790,015	AAA	<4 Years	1
Municipal Bonds	1,305,516	1,305,516	*****	<6 Years	1
State of NM Local Government Investment Pool (LGIP)	299	299	**	>1 Year	N/A
	$ 57,763,852	57,763,852			

*Based on Moody's rating
**LGIP, collateralized by State
***See Note 2. Fair Value Measurements Using: Quoted prices in active markets for identical assets
****Certificate of Deposit, fully collateralized
*****Ratings on Municipal bonds vary, each bond underwritten by and subject to Section 6-10-10(F)(1) and Section 6-13-6, NMSA 1978. Each bond has revenue as security

State Treasurer Local Governmental Investment Pool

As of June 30, 2019, the City has the following invested in the State Treasurer Local Government Investment Pool:

Financial Institution	Cost Basis	Market	Risk Rating	Weighted Average Maturity
State of NM Local Government Investment	$ 299	299	AAAm	[35] day WAM (R); [112] day WAM (F)

New Mexico State Statutes authorize the creation of the short-term investment fund in the New Mexico State Treasury. The Statutes authorize the State Treasurer to pool monies received from local public bodies for investment purposes with public monies under control. The purpose of the local short-term fund is to provide a voluntary investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. The local short-term investment fund, along with other public monies in the State Treasurer's investment account, is invested in repurchase agreements secured at 102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collaterals at 102% of investment balances for the City. All investing is performed in accordance with State Statutes and the City's investment policy.

Per review of GASB Statement No. 72, the State Treasurer Local Government Investment Pool is exempt from GASB 72 and should continue to be measured and disclosed in accordance with existing literature.

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

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

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

Fair Value Measurement (GASB 72)

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

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

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

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

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

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

Level 1
Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2
Are significant other observable inputs:

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

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

Level 3
Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

See page 42 of Note 2 for the City's recurring fair value measurements as of June 30, 2019.

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

		General Fund	Non-major Funds	Total Governmental
Accounts	$	223,788	78,324	302,112
Taxes				
Property tax		216,587	47,493	264,080
Other		4,054,885	100,597	4,155,482
Grants receivable		32,867	1,417,289	1,450,156
Subtotal		4,528,127	1,643,703	6,171,830
Less: Allowance for uncollectibles		(16)	-	(16)
Net receivables	$	4,528,111	1,643,703	6,171,814

Business-Type Funds

		Joint Utility	Solid Waste	Non-Major Funds	Total Business-Type	Internal Service Funds
Accounts	$	4,924,231	406,858	87,847	5,418,936	-
Taxes						
Property tax		-	-	-	-	-
Other		684,106	-	-	684,106	-
Grants		77,876	-	-	77,876	-
Subtotal		5,686,213	406,858	87,847	6,180,918	-
Less: Allowance for uncollectibles		(227,612)	(20,654)	(5,331)	(253,597)	-
Net receivables	$	5,458,601	386,204	82,516	5,927,321	-

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

The City recorded interfund receivable/payable to reflect a temporary loan between funds. The purpose of the loans was to cover cash shortages until grant reimbursements could be obtained. All interfund receivables/payables are expected to be repaid within one year. Interfund balances as of June 30, 2019, are as follows:

Due from other funds	Due to other funds		Amount
General Fund	Intergovernmental Grants (218)	$	105,000
General Fund	Gallup Detox (290)		350,000
General Fund	Community Development Block Grant (291)		375,000
General Fund	Legislative Appropriations (391)		385,000
Municipal Street (216)	General Fund		40,000
		$	1,255,000

The City recorded interfund transfers to reflect transfers of cash in accordance with the budget. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions and funding capital projects, primarily street projects. All transfers made during the year were considered routine and were consistent with the general characteristics of the City's transfer policy. The composition of interfund transfers during the year ended June 30, 2019 is as follows:

		Transfers In						
Transfers Out		General	Non-Major Governmental Funds	Joint Utility Fund	Solid Waste	Non-Major Business-Type Funds	Internal Service Fund	Total
General	$	1,664,342	2,703,287	602,915	-	-	-	4,970,544
Non-Major Governmental Funds		661,202	249,072	-	-	90,000	-	1,000,274
Joint Utility		3,894,199	1,600,000	7,594,322	-	-	-	13,088,521
Solid Waste		313,493	-	74,019	-	-	-	387,512
Non-Major Business -Type Funds		-	-	-	-	-	-	-
Internal Service Fund		10,434	25,185	-	-	-	-	35,619
Total	$	6,543,670	4,577,544	8,271,256	-	90,000	-	19,482,470

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NOTE 5 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Governmental Activities *includes Internal Service Funds*		Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:						
Land	$	13,559,240	-	-	-	13,559,240
Construction in progress		183,688	851,180	-	-	1,034,868
Total capital assets not being depreciated		13,742,928	851,180	-	-	14,594,108
Capital assets being depreciated:						
Buildings		23,566,957	-	-	-	23,566,957
Other improvements		3,109,149	2,990,433	-	-	6,099,582
Equipment		13,536,671	1,755,426	(396,528)	-	14,895,569
Infrastructure		78,030,898	-	-	-	78,030,898
Total capital assets being depreciated		118,243,675	4,745,859	(396,528)	-	122,593,006
Total capital assets		131,986,603	5,597,039	(396,528)	-	137,187,114
Less accumulated depreciation:						
Buildings		(8,649,237)	(549,576)	-	-	(9,198,813)
Other improvements		(371,752)	(100,424)	-	-	(472,176)
Equipment		(8,931,788)	(1,438,723)	396,528	-	(9,973,983)
Infrastructure		(41,796,672)	(1,944,735)	-	-	(43,741,407)
Total accumulated depreciation		(59,749,449)	(4,033,458)	396,528	-	(63,386,379)
Total capital assets net of depreciation	$	72,237,154	1,563,581	-	-	73,800,735

Business-Type Activities		Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:						
Land	$	2,834,940	20,600	-	-	2,855,540
Construction in progress		31,590,821	12,290,374	-	(2,805,687)	41,075,508
Total capital assets not being depreciated		34,425,761	12,310,974	-	(2,805,687)	43,931,048
Capital assets being depreciated:						
Buildings		32,841,052	-	-	-	32,841,052
Other improvements		533,386	-	-	-	533,386
Equipment		10,145,204	1,317,980	(507,362)	-	10,955,822
Infrastructure		52,091,614	1,407,447	-	2,805,687	56,304,748
Easement		-	18,200	-	-	18,200
Total capital assets being depreciated		95,611,256	2,743,627	(507,362)	2,805,687	100,653,208
Total capital assets		130,037,017	15,054,601	(507,362)	-	144,584,256
Less accumulated depreciation:						
Buildings		(12,524,654)	(711,921)	-	-	(13,236,575)
Other improvements		(51,702)	(13,292)	-	-	(64,994)
Equipment		(7,303,373)	(1,051,060)	507,362	-	(7,847,071)
Infrastructure		(26,941,272)	(1,228,310)	-	-	(28,169,582)
Easement		-	(265)	-	-	(265)
Total accumulated depreciation		(46,821,001)	(3,004,848)	507,362	-	(49,318,487)
Total capital assets net of depreciation	$	83,216,016	12,049,753	-	-	95,265,769

Depreciation expense for the year ended June 30, 2019 was charged to the following functions and funds:

Governmental activities:	
General government	$ 1,069,955
Public safety	450,653
Public works	2,270,130
Culture and recreation	83,369
Health and welfare	157,567
Total	4,031,674
Internal Service Fund	1,784
Total governmental activities	$ 4,033,458
Business type activities:	
Solid Waste	547,081
Joint Utility	2,454,867
Fitness Center	2,900
Total business-type activities	$ 3,004,848

NOTE 6 – LONG-TERM DEBT

The governmental funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 5,520,000	-	(180,000)	5,340,000	190,000
Revenue bonds	14,380,000	-	(1,515,000)	12,865,000	1,560,000
Notes payable	636,660	-	(117,410)	519,250	122,141
Compensated absences	1,357,097	954,004	(890,725)	1,420,376	923,244
Net pension liability	26,569,506	7,362,921	(1,656,877)	32,275,550	-
Net OPEB liability	13,139,579	1,547,242	-	14,686,821	-
Total governmental activities	$ 61,602,842	9,864,167	(4,360,012)	67,106,997	2,795,385
Business-type Activities:					
Revenue bonds	$ 8,565,000	-	(1,765,000)	6,800,000	1,795,000
Notes payable	6,150,489	2,322,693	(334,127)	8,139,055	334,962
Compensated absences	357,332	175,131	(205,926)	326,537	212,249
Net pension liability	5,410,122	1,365,053	(305,550)	6,469,625	-
Net OPEB liability	3,266,437	377,667	-	3,644,104	-
Landfill liability	270,418	216,582	-	487,000	-
Total business-type activities	$ 24,019,798	4,457,126	(2,610,603)	25,866,321	2,342,211
Total City	$ 85,622,640	14,321,293	(6,970,615)	92,973,318	5,137,596

A. Governmental Activities Debt:

General Obligation Bonds

The general obligation bonds are as follows:

Description	Issue Date	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2019
GO Bond Series 2011	2/24/2011	6/1/2020	3.00-4.00%	$ 3,630,000	500,000
GO Bond Series 2017	2/17/2017	8/31/2031	1.367-3.40%	5,365,000	4,840,000
				$ 8,995,000	5,340,000

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The GO Bond Series 2011 is a 10-year bond and the GO Bond Series 2017 is a 15-year bond with equal amounts of principal maturing each year. Principal is paid annually each August and interest is paid semi-annually each February and August.

This debt is secured with legally pledged revenues. There are no finance-related default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreement.

Pledged Revenues

Ordinance S2010-2 has dedicated the basic ad valorem property tax security for payment of the Bond. The ordinance provides further security by pledging the full faith and credit of the City for the payment of the principal of and interest on the Series 2011 and 2017 Bonds when due. Included in such pledge are all funds of the City, except those specifically limited to another use or prohibited from use for such debt service by the State Constitution, state or federal law, revenue bond trust agreements or City ordinances pledging funds for payment of revenue bonds.

The following are the revenues pledged for each GO Bond for the fiscal year ended June 30, 2019:

- GO Bonds Series 2011 - $16,800
- GO Bonds Series 2017 – $315,351

The annual requirements to amortize the *GO Bonds* outstanding as of June 30, 2019, including interest payments are as follows:

GO Bonds Series 2011

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	$ -	10,200	10,200
2021	500,000	3,400	503,400
2022	-	3,400	3,400
2023	-	-	-
2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
	$ 500,000	17,000	517,000

GO Bonds Series 2017

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	180,000	132,195	312,195
2021		190,000	128,521	318,521
2022		370,000	122,410	492,410
2023		380,000	113,788	493,788
2024		390,000	104,416	494,416
2025-2029		2,070,000	356,617	2,426,617
2030-2034		1,260,000	62,412	1,322,412
	$	4,840,000	1,020,359	5,860,359

Gross Receipts Tax Revenue Bonds

The GRT revenue bonds are as follows:

Description	Date of Issue	Maturity	Interest Rate		Amount of Original Issue	Balance June 30, 2019
GRT Improvement Revenue Bond Series 2010A	6/30/2010	6/1/1930	2.00-3.00%	$	11,910,000	7,715,000
GRT Refunding Revenue Bond Series 2012	9/27/2012	6/1/2024	2.17%		9,325,000	5,150,000
				$	21,235,000	12,865,000

The City issues bonds where the City pledges income from the receipt of sales tax revenue (Gross Receipts Tax). Sales tax bonds have been issued for governmental activities. These bonds provided funds for the construction of many City capital improvements.

This debt is secured with legally pledged revenues. There are no finance-related default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreement.

Pledged Revenues

The City pledges an intercept of gross receipts tax (GRT) revenues for these bonds, which has varying interest rates that range from 2.0% to 5.125%. Ordinance S2012-2 has dedicated GRT revenue derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the City as authorized by Sections 7-1-6.1 and 7-1-6.4 NMSA 1978, and which remittances as of the date of adoption of the Bond Ordinance are equal to one and two hundred twenty-five thousands percent (1.225%) of the taxable gross receipts reports to the City for the month for which such remittance is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provide to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City as set forth above or (ii) the maximum amount at any time provided hereinafter to be remitted to the City under applicable law.

The following are the revenues pledged for each Gross Receipts Tax Revenue Bond for the fiscal year ended June 30, 2019:

- Infrastructure Sales Tax Revenue Bonds Series 2010A - $892,002
- Refunding Revenue Bonds Series 2012 - $1,097,696

The annual requirements to amortize the *GRT Revenue Bonds* outstanding as of June 30, 2019, including interest payments are as follows:

Infrastructure Sales Tax Revenue Bonds Series 2010A

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	575,000	313,814	888,814
2021		595,000	293,689	888,689
2022		615,000	272,864	887,864
2023		640,000	248,264	888,264
2024		670,000	222,664	892,664
2025-2029		3,765,000	687,966	4,452,966
2030-2034		855,000	37,406	892,406
	$	7,715,000	2,076,667	9,791,667

Refunding Revenue Bonds Series 2012

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	985,000	111,754	1,096,754
2021		1,010,000	90,380	1,100,380
2022		1,030,000	68,464	1,098,464
2023		1,050,000	46,112	1,096,112
2024		1,075,000	23,328	1,098,328
2025-2029		-	-	-
2030-2034		-	-	-
	$	5,150,000	340,038	5,490,038

Total Revenue and GO Bonds

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	1,740,000	567,963	2,307,963
2021		2,295,000	515,990	2,810,990
2022		2,015,000	467,138	2,482,138
2023		2,070,000	408,164	2,478,164
2024		2,135,000	350,408	2,485,408
2025-2029		5,835,000	1,044,583	6,879,583
2030-2034		2,115,000	99,818	2,214,818
	$	18,205,000	3,454,064	21,659,064

Notes Payable

The loan is as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2019
NMFA 4 - Westside Fire Station	6/29/2007	5/1/2022	3.42-3.86%	$ 1,452,605	519,250

The City has issued low interest rate loans provided by intergovernmental agencies for the acquisition of minor equipment needs and construction of major capital facilities. The City has obtained a loan from the New Mexico Finance Authority in June 2007 to construct a west side fire station. The original loan amount was $1,452,605 with interest rates ranging from 3.42% to 3.86%. The term of the loan is sixteen (16) years with payments commencing November 2008. Principal is paid annually each May and interest is paid semi-annually each November and May.

This debt is secured with legally pledged revenues. There are no finance-related default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreement.

Pledged Revenues
The City has entered into a loan agreement with NMFA and had pledged finds from the State's Fire Protection fund to pay principal and interest annually. Pledged revenues for the fiscal year ended June 30, 2019 totaled $143,320.

The annual requirements to amortize the *NMFA 2015-PP – Westside Fire Station* outstanding as of June 30, 2019, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	$ 122,141	19,892	142,033
2021	127,101	15,251	142,352
2022	132,287	10,395	142,682
2023	137,721	5,316	143,037
2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
	$ 519,250	50,854	570,104

B. Business-Type Activities Debt:

Revenue Bonds

The revenue bond is as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2019
Joint Water and Sewer Revenue Bonds Series 2012	6/1/2013	6/1/2025	1.94%	$ 20,290,000	6,800,000

The City issues bonds where the City pledges income derived from the net revenues from the operations of the municipal joint water and sewer distribution systems. A Revenue bond has been issued for business-type activities. The original amount of this revenue bond issued in prior years

was $20,290,000. These bonds provided funds for the completion of many capital improvement projects for the City's water and wastewater distribution systems. The interest rate on this bond is 1.94%.

This debt is secured with legally pledged revenues. There are no finance-related default consequences, termination event consequences, or subjective acceleration clauses specified in the debt agreement.

Pledged Revenues
Ordinance S2012-3 has pledged future revenues from the water and wastewater system, net of operation and maintenance expenses, to the payment of interest on and principal of revenue bonds. The bonds are payable solely from utility customer net revenues and are payable through June 2025. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest and other amounts due under the bond agreement, including an amount sufficient to cure any deficiencies in the debt service account or the bond agreement reserve account. Pledged revenues for the fiscal year ended June 30, 2019 totaled $1,931,162.

The annual requirements to amortize the *Joint Water and Sewer Refunding Revenue Bonds Series 2012* outstanding as of June 30, 2019, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	$ 1,795,000	131,920	1,926,920
2021	1,030,000	97,097	1,127,097
2022	1,050,000	77,115	1,127,115
2023	1,070,000	56,745	1,126,745
2024	920,000	35,987	955,987
2025-2029	935,000	18,139	953,139
2030-2034	-	-	-
	$ 6,800,000	417,003	7,217,003

Notes Payable

Notes payables are as follows:

Description	Date of Issue	Maturity	Interest Rate	Original Issue	June 30, 2019
NMFA 8 - Storage Tank	3/22/2013	6/1/2032	0.25%	$ 1,748,652	1,168,364
NMFA 9 - Water Tank	10/19/2012	6/1/2032	0.25%	1,515,534	1,034,490
NMFA 11- Water Project	9/18/2015	6/1/2035	0.25%	1,600,000	1,305,267
NMFA 12 - Water System	3/4/2016	6/1/2035	0.25%	1,718,067	1,434,356
NMFA WPF 4338 - Waterline Installation	12/14/2018	6/1/2040	0.25%	997,352	997,352
NMED Loan CWSRF 065	10/24/2017	4/30/2021	0.60%	2,240,000	2,199,226
				$ 9,819,605	8,139,055

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

1. The Joint Utilities Fund received a loan of $1,748,652 from the New Mexico Finance Authority. These funds secured the construction of a storage tank pipeline. The loan closed on October 19, 2012, and the City's first payment was due on June 1, 2013. The loan will be

repaid over a twenty (20) year period. The loan is interest free; however, the City will pay administrative fees over the life of the loan of 0.25%, annually, of the unpaid principal balance of the loan amount.

2. Also, the Joint Utilities Fund received a loan of $1,515,534 from the New Mexico Finance Authority. These funds secured the construction of the Navajo Gallup Water Supply. The loan closed on March 22, 2013, and the City's first payment was due on June 1, 2013. The loan will be repaid over a twenty (20) year period. The loan is interest free; however, the City will pay administrative fees over the life of the loan of 0.25%, annually, of the unpaid principal balance of the loan amount.

3. The Joint Utilities Fund received a loan of $1,600,000 from the New Mexico Finance Authority. These funds secured the construction of the Navajo Gallup Water Supply. The loan closed September 18, 2015 and the City's first payment was due on June 1, 2016. The loan will be repaid over a twenty (20) year period. The loan is interest free; however, the City will pay administrative fees over the life of the loan of 0.25%, annually, of the unpaid principal balance of the loan amount.

4. The Joint Utilities Fund received a loan of $1,718,067 from the New Mexico Finance Authority. These funds are for the purpose of financing the cost of planning, design, and construction of multiple storage tanks, a pump station, and metering station. The loan closed March 4, 2016 and the City's first payment was due on June 1, 2016. The loan will be repaid over a twenty (20) year period. The loan is interest free; however, the City will pay administrative fees over the life of the loan of 0.25%, annually, of the unpaid principal balance of the loan amount.

5. The Joint Utilities Fund received a loan of $997,532 from the New Mexico Finance Authority. These funds are for the purpose of financing the cost of storage, conveyance and delivery of water to end users. In particular, the Project will consist of the installation of a 24inch waterline from the terminus of Project 5 to the Gallup Water System, extending approximately 3.2 miles, and shall include such other related work and revisions necessary to complete the Project. The loan closed December 14, 2018 and the City's first payment is due on June 1, 2021. The loan will be repaid over a twenty (20) year period. The loan is interest free; however, the City will pay administrative fees over the life of the loan of 0.25%, annually, of the unpaid principal balance of the loan amount.

The following details the default consequences, termination event consequences, or subjective acceleration clauses specified in all NMFA debt agreements.

Whenever any Event of Default has occurred and is continuing and subject to section Remedies on Default, hereof, the Lender/Grantor may take any or all of the following actions as may appear necessary or desirable to collect the payments then due and to become due or to enforce performance of any obligations of the Borrower/Grantee in this Agreement:

a) File a mandamus proceeding or other action or proceeding or suit at law or in equity to compel the Borrower/Grantee to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained herein;
b) Terminate this Agreement;
c) Cease disbursing any further amounts from the Project Account;
d) Demand that the Borrower/Grantee immediately repay the Loan/Grant Amount or any portion thereof if such funds were not utilized in accordance with this Agreement;
e) File a suit in equity to enjoin any acts or things which are unlawful or violate the rights of

the Lender/Granter;

f) Intervene in judicial proceedings that affect this Agreement or the Pledged Revenues; or
g) Cause the Borrower/Grantee to account as if it were the trustee of an express trust for all of the Pledged Revenues;
h) Take whatever other action at law or in equity may appear necessary or desirable to collect amounts then due and thereafter to become due under this Agreement or to enforce any other of its rights hereunder; or
i) Apply any amounts in the Project Account toward satisfaction of any and all fees and costs incurred in enforcing the terms of this Agreement.

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

1. The Joint Utilities Fund received approval for a loan of up to $1,925,000 from the New Mexico Environment Department. In June 2018, the agreement was amended to increase the loan to $2,240,000 in total. These funds are for the purpose of financing the cost of renovations and repairs to the City's wastewater facility. The loan closed October 24, 2017. The City's first payment is not due until one year after completion of the project. The loan will then be repaid over a twenty (20) year period. The loans interest is 0.6%, annually, from the date of each respective disbursement annually until paid in full. As of June 30, 2019, the project is still in process and no principal or interest payments are yet due or scheduled. As a result, no annual future payment schedule is disclosed.

The following details the default consequences, termination event consequences, or subjective acceleration clauses specified in the NMED debt agreement.

Upon occurrence of an event of default:

1. The entire unpaid amount of the Agreement and Interim and Final Promissory Note may be declared by the NMED to be immediately due and payable and the Borrower shall pay the amounts due under the Agreement and Interim and Final Promissory Note from the Pledged Funds, either immediately or in the manner required by NMED in its declaration.
2. If the event of default is under clause 1 of Subsection H of Section VIII. COVENANTS, NMED is authorized to set water and wastewater user rates in the area of the Borrower's jurisdiction in order to provide sufficient money for repayment, on scheduled due dates of the loan and proper operation and maintenance of the System. Funds sufficient to provide for repayment, on scheduled due dates of the loan and proper operation and maintenance of the System shall be identified through a rate-setting analysis that will ensure enough revenue to cover yearly expenses and emergencies, a reserve fund for non-major capital items and equitable pay for staff. The rate setting analysis may be reviewed and changed on a yearly basis if necessary.
3. If default by the Borrower is of covenants or conditions required under the Agreement, the Borrower may be required to refund the amount of the loan disbursed to the Borrower from NMED.
4. NMED shall have no further obligation to make disbursements to the Borrower under the Agreement and may pursue any other appropriate remedies.

Pledged Revenues

The City has pledged utility revenues for the five loans with NMFA and the one NMED loan in their business-type funds. These debts are secured with legally pledged revenues. The pledged revenues shall be in an amount sufficient to pay principal, premium, if any, interest, administrative fees, and other amounts due under the loan agreement. There is a lien on the

pledged revenues subordinate to all other liens thereon present and future, except that the lien on the Pledged Revenues of any future loans from the Lender/Grantor to the Borrower/Grantee pursuant to the Water Project Finance Act or the Colonias Infrastructure Act, secured by the Pledged Revenues shall be on a parity with this Loan/Grant.

The following are the revenues pledged for each loan for the fiscal year ended June 30, 2019:

- NMFA Gallup 8 WTB-0215 – Gamerco Storage Tank Pipeline - $91,455
- NMFA Gallup 9 WTB-0215 – Navajo Gallup Water Supply - $81,066
- NMFA Gallup 11 WTB-0283 – Water Project - $83,323
- NMFA Gallup 12 WTB-0334 –Storage Tank/Waterline/Pump Station Project - $91,564
- NMFA WPF-4338 – Waterline Installation – None in fiscal year 2019
- NMED CWSRF 065 – Clean Water State Revolving Loan Fund – None in fiscal year 2019

The annual requirements to amortize the *Notes Payable* outstanding as of June 30, 2019, including interest payments are as follows:

NMFA Gallup 8 WTB-0215 – Gamerco Storage Tank Pipeline

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	88,534	2,921	91,455
2021		88,755	2,700	91,455
2022		88,977	2,478	91,455
2023		89,200	2,255	91,455
2024		89,423	2,032	91,455
2025-2029		450,477	6,798	457,275
2030-2034		272,998	1,367	274,365
2035-2039		-	-	-
	$	1,168,364	20,551	1,188,915

NMFA Gallup 9 WTB-0215 – Navajo Gallup Water Supply

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	78,390	2,586	80,976
2021		78,585	2,390	80,975
2022		78,782	2,194	80,976
2023		78,979	1,997	80,976
2024		79,176	1,799	80,975
2025-2029		398,861	6,018	404,879
2030-2034		241,717	1,209	242,926
2035-2039		-	-	-
	$	1,034,490	18,193	1,052,683

NMFA Gallup 11 WTB-0283 – Water Project

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	80,060	3,263	83,323
2021		80,261	3,063	83,324
2022		80,461	2,862	83,323
2023		80,662	2,661	83,323
2024		80,864	2,460	83,324
2025-2029		407,363	9,555	416,918
2030-2034		412,480	4,760	417,240
2035-2039		83,116	208	83,324
	$	1,305,267	28,832	1,334,099

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

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	87,978	3,586	91,564
2021		88,198	3,366	91,564
2022		88,419	3,145	91,564
2023		88,640	2,924	91,564
2024		88,861	2,703	91,564
2025-2029		447,650	10,171	457,821
2030-2034		453,274	4,547	457,821
2035-2039		91,336	228	91,564
	$	1,434,356	30,670	1,465,026

NMFA WPF-4338 – Waterline Installation

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	-	-	-
2021		44,915	6,476	51,391
2022		49,010	2,381	51,391
2023		49,132	2,259	51,391
2024		49,255	2,136	51,391
2025-2029		248,129	8,825	256,954
2030-2034		251,246	5,708	256,954
2035-2039		254,402	2,552	256,954
2040-2044		51,263	128	51,391
	$	997,352	30,465	1,027,817

Total Business-Type Notes Payable

Fiscal Year Ending June 30,		Principal	Interest	Total Debt Service
2020	$	334,962	12,356	347,318
2021		380,714	17,995	398,709
2022		385,649	13,060	398,709
2023		386,613	12,096	398,709
2024		387,579	11,130	398,709
2025-2029		1,952,480	41,367	1,993,847
2030-2034		1,631,715	17,591	1,649,306
2035-2039		428,854	2,988	431,842
2040-2044		51,263	128	51,391
	$	5,939,829	128,711	6,068,540

Landfill Liability

As of July 18, 2018, the City had a cost estimate to conduct post-closure care activities at the former Gallup Landfill (landfill) for the remainder of the post-closure care period. The present value at that time amortized over the remaining 13 years at a discount rate of 2.25% is $487,000. This liability will be offset by costs the city incurs relating to; performing landfill inspections, record keeping, and reporting in accordance with the post-closure care plan; performing maintenance on the final landfill cover and site vegetation; inspecting and repairing site fencing and/or security; performing environmental monitoring including landfill gas and groundwater; and a contingency for installing one new groundwater monitoring well within the landfill vicinity.

NOTE 7 – RISK MANAGEMENT

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

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

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

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

The City continues to carry commercial insurance for all other risks. The City is in the process of establishing a fund for property and liability self-insurance. As of June 30, 2019, no claims activity had taken place in the fund. The only activity for the year ended June 30, 2019 consisted of interest earned from the fund's bank account.

NOTE 8 – PERA PENSION PLAN

Plan Description – Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

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

The following table details the actual contribution rates:

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

The City's contributions to PERA for the following fiscal years is identified below:

	2019	2018	2017
City contributions	$ 1,997,675	1,962,426	1,885,639
City contributions picked up on behalf of employee	1,760,446	1,784,614	1,693,839
Employee contributions	601,860	590,426	568,177
	$ 4,359,981	4,337,466	4,147,655

NOTE 9 – PENSION PLAN AND POST-EMPLOYMENT BENEFITS

General Information about the Pension Plan

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

Benefits provided. Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent.

The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's publicly available financial report and comprehensive annual financial report obtained at http://saonm.org/ using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year 2019.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*;** At June 30, 2019, the City reported a liability of $38,745,175 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the City's proportion was 1.3284%, which was an increase of 0.0501% from its proportion measured as of June 30, 2017.

For PERA Fund Division; Municipal General Division, at June 30, 2019, the City reported a liability of $18,115,234 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion was 1.1362%, which was an increase of 0.0805% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized PERA Fund Division; Municipal General Division pension expense of $2,427,373. At June 30, 2019, the City reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal General Division		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	523,567	475,609
Changes of assumptions		1,642,402	104,156
Net difference between projected and actual earnings on pension plan investments		1,343,517	-
Change in proportion and differences between the City contributions and proportionate share of contributions		868,290	45,431
The City contributions subsequent to the measurement date		932,500	-
Total	$	5,310,276	625,196

$932,500 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		Amount
2020	$	2,198,864
2021		1,060,467
2022		423,375
2023		69,874
2024		-
Thereafter		-

For PERA Fund Division; Municipal Police Division, at June 30, 2019, the City reported a liability of $10,319,170 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion was 1.5124%, which was an increase of 0.0361% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized PERA Fund Division; Municipal Police Division pension expense of $1,097,249. At June 30, 2019, the City reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal Police Division		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	505,179	1,022,897
Changes of assumptions		1,177,431	63,085
Net difference between projected and actual earnings on pension plan investments		710,106	-
Change in proportion and differences between the City contributions and proportionate share of contributions		176,046	301,715
The City contributions subsequent to the measurement date		618,041	-
Total	$	3,186,803	1,387,697

$618,041 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		Amount
2020	$	753,492
2021		98,774
2022		291,169
2023		37,630
2024		-
Thereafter		-

For PERA Fund Division; Municipal Fire Division, at June 30, 2019, the City reported a liability of $10,310,771 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion was 1.6109%, which was a decrease of 0.0096% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized PERA Fund Division; Municipal Fire Division pension expense of $929,534. At June 30, 2019, the City reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal Fire Division		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	165,696	751,962
Changes of assumptions		595,481	37,650
Net difference between projected and actual earnings on pension plan investments		361,572	-
Change in proportion and differences between the City contributions and proportionate share of contributions		37,151	352,207
The City contributions subsequent to the measurement date		447,134	-
Total	$	1,607,034	1,141,819

$447,134 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		Amount
2020	$	95,694
2021		(159,899)
2022		64,236
2023		18,050
2024		-
Thereafter		-

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Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial assumptions	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	2.75% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Total	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division		1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division	$	27,914,361	18,115,234	10,014,687
Municipal Police Division	$	15,866,648	10,319,170	5,796,660
Municipal Fire Division	$	13,764,095	10,310,771	7,481,779

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial reports, available at http://www.nmpera.org/.

Payable Changes in the Net Pension Liability. At June 30, 2019, the City reported a payable of $139,862 for outstanding contributions due to PERA.

NOTE 10 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). The NMRHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents.

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

The City's contributions to RHCA for the following fiscal years is identified below:

		2019	2018	2017
City contributions	$	328,917	322,609	310,785
Employee contributions		151,891	161,272	155,421
Total contributions	$	480,808	483,881	466,206

NOTE 11 —OPEB

General Information about the OPEB

Plan description. Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the City were $328,917 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reported a liability of $18,330,925 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the City's proportion was 0.42156 percent.

For the year ended June 30, 2019, the City recognized OPEB expense of $554,603. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	1,085,308
Net difference between actual and projected earnings on OPEB plan investments	-	228,763
Changes of assumptions	-	3,422,302
Changes of proportion	2,732,728	-
Contributions subsequent to the measurement date	328,917	-
Total	$ 3,061,645	4,736,373

Deferred outflows of resources totaling $328,917 represent City contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2020	$ (624,442)
2021	(624,442)
2022	(624,442)
2023	(350,369)
2024	220,050
Total	$ (2,003,645)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions	
Inflation	2.50% for ERB members, 2.25% for PERA members
Projected salary increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females). PERA members: RP-2000 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.10%
U.S. equity - large cap	7.10%
Non U.S. Emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private Equity	11.80%
Credit and Structured finance	5.30%
Real Estate	4.90%
Absolute Return	4.10%
U.S. equity - small/mid cap	7.10%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the

Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
$ 22,184,735	$ 18,330,925	$ 15,293,263

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rate	1% Increase
$ 15,496,058	$ 18,330,925	$ 20,553,524

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the City reported no payables of outstanding contributions due to NMRHCA.

NOTE 12 – DEFERRED COMPENSATION PLAN

The City provides two optional deferred compensation 457 plans. These plans were created in accordance with IRC Section 457. The plans are available to any City employee. Nationwide Retirement Solutions, Inc. and International City/County Managers Association (ICMA) Retirement Corporation administer the individual plans. Employee contributions totaled $255,850 for Nationwide and $3,380 for ICMA for the year ended June 30, 2019.

NOTE 13 – LABOR UNIONS

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

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

NOTE 14 – CONTINGENCIES

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

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

NOTE 15 – DEFICIT FUND BALANCES

The following funds incurred a deficit fund balance at June 30, 2019:

Fund		Amount
Law Enforcement (211)	$	(26,022)
Gallup Detox (290)	$	(230,560)

Management intends to transfer sufficient funds from General Fund to cover any deficits.

NOTE 16–OPERATING LEASES

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

Fiscal Year Ending June 30,		Amount
2020	$	303,225
2021		277,127
2022		272,805
2023		247,670
2024		151,794
Thereafter		109,351
	$	1,361,972

Lease expenditures for the year ended June 30, 2019 were approximately $565,196.

NOTE 17 – COMMITMENTS

The City has the following projects under construction. Below is a summary list of the projects as of June 30, 2019:

Project		Total Cost	Amount Expensed as of June 30, 2019	Percent Complete	Estimated Date of Completion
Airport Design Runway	$	238,757	193,691	81%	6/30/2020
Airport Runway		3,900,347	3,675,346	94%	6/30/2020
Airport Taxiway		404,748	110,744	27%	6/30/2020
Alley 1st-2nd Phase I		840,000	27,349	3%	6/30/2020
Allison Substation (elec)		1,500,000	22,053	1%	6/30/2020
Cecil Garcia Fitness Ctr		48,633	47,670	98%	6/30/2020
Church Rock Street Lighting		1,455,024	448,088	31%	6/30/2020
Ciniza Drive Reconstruction		2,132,150	599,529	28%	6/30/2020
Drainage/Right of Way		3,139,232	185,716	6%	6/30/2020
Electrical System Improv/City Hall		445,000	89,764	20%	6/30/2020
Electric Building Vehicle Storage		750,000	11,755	2%	6/30/2020
Fiberoptic		202,784	63,461	31%	6/30/2020
Ford Canyon Shade		106,000	43,451	41%	6/30/2020
Golf Course Reconstruction		3,798,038	2,926,578	77%	12/31/2018
Harold Runnels Roof		61,917	8,401	14%	6/30/2020
Hassler Rd Storm Improvement		1,518,633	234,734	15%	6/30/2020
Heaton Pump Station		5,000	2,324	46%	6/30/2020
Navajo Gallup		26,612,549	17,867,187	67%	6/30/2025
Navajo Gallup NMFA		4,000,000	4,000,000	100%	6/30/2025
Navajo Gallup Reach 27.7a +27.13		4,295,167	4,295,167	100%	6/30/2025
Rehoboth School/Gym Conversion		7,500	1,576	21%	6/30/2020
Sewer Plant Upgrades		2,240,000	543,045	24%	6/30/2020
Sewer Verdi Dr		205,060	197,237	96%	6/30/2020
Sky City Phase IV		18,803	26,792	142%	6/30/2020
Solid Waste Facility		6,349,964	3,200,387	50%	6/30/2020
Sports Complex Turf		164,871	34,094	21%	6/30/2020
Underfrequency Load/Sunshine Substation		150,000	55,423	37%	6/30/2020
Veterans Cemetery Road		410,500	369,353	90%	6/30/2020
Water Dist Rehab		152,978	65,798	43%	6/30/2020
Water Line Replacement Hwy 491		1,410,000	125,536	9%	6/30/2020
Water Well 11 Rehab		510,000	24,617	5%	6/30/2020
Waterline Park to Grandview		1,000,000	919,518	92%	6/30/2020
WW Influent Lift		290,000	24,795	9%	6/30/2020
WW Jefferson/Stron		275,000	235,915	86%	6/30/2020
WW Shalimar/Applebee's		200,000	89,120	45%	6/30/2020
WW to Airport		150,000	18,817	13%	6/30/2020
WWTP Capital Upgrades		2,955,444	1,325,341	45%	6/30/2020
	$	71,944,099	42,110,371		

NOTE 18 – SIGNIFICANT TRANSACTIONS BETWEEN CITY OF GALLUP AND GALLUP HOUSING AUTHORITY

Gallup Housing Authority, a component unit of the City of Gallup, granted the City of Gallup $150,000 of Public Housing Capital Fund Program federal funds (CFDA #14.872) in fiscal year 2019. The funds were for the City's Sky City Phase IV project.

NONMAJOR SPECIAL REVENUE FUNDS

Corrections Fees (201) – To account for a $10 fee imposed upon conviction of an individual as stipulated under Section 35-14-11 NMSA 1978. The funds collected are restricted to use in the operation of the City's jail facilities.

Emergency Medical Service (EMS) (206) – To account for funds made available to municipalities in proportion to their needs for use in the establishment of emergency medical services in order to reduce injury and loss of life under Section 24-10A and 24-10B NMSA 1978. These funds are to be spent on the training of personnel and non-administrative expenditures involved in providing this service.

Fire Protection (209) – To account for the accumulation of resources from the State's Fire Protection Fund. These funds are to be used for the operation, maintenance, and betterment of local fire districts under Section 59A-53-1 to 59A-53-17 NMSA 1978.

Law Enforcement Protection (211) – To account for the accumulation of resources received from the City's equitable distribution of funds to municipal police under Section 29-13 NMSA 1978. The funds are for the use in the maintenance and improvement of the police department in order to enhance their effectiveness.

Library (213) – To account for the accumulation of resources received from the New Mexico State Grant in Aid. Under Chapter 59 of the laws of 1981 and the New Mexico State Library Rule 81-2 funds are limited to the purchase of books and other non-administrative purchases for the library.

Lodger's Tax (214) – To account for the resources from the lodger's tax levied by the City under Sections 3-38-13 to 3-38-24 NMSA 1978. The occupancy tax is imposed and collected on certain revenues of lodging establishments. The funds may be used for tourist related facilities, advertising, promotions, collecting and administering the tax, and various other uses as cited in the state law.

Municipal Street Fund (216) – To account for resources received from the one-cent gasoline tax imposed by Section 71-6.27 NMSA 1978. The funds are to be used for the reconstruction, resurfacing, maintaining and repairing, or other improvement of existing or new alleys, streets, roads, or bridges.

Juvenile Recreation (217) - To account for the accumulation of resources from the City's distribution of the State's one-cent cigarette tax. These funds are to be spent on the operation of recreation facilities, including salaries of instructors and other employees within the guidelines set forth on disposition of revenues collected under the authority of the laws of the State of New Mexico (Section 7-12-15 NMSA 1978).

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

Senior Citizens (219) – To account for the resources from the New Mexico Area Agency on Aging. The funds are to be spent on expenditures associated with the operation of the City's Senior Citizen Centers (Resolution R2002-10).

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

Community Development Block Grant (CDBG) (291) – To account for the accumulation of resources received from the US Department of Housing and Urban Development (Federal CFDA 14.228). These funds are a part of the comprehensive housing program of rehabilitation and new construction (Resolution R2002-10).

Business Improvement District (293) – To account for the accumulation of resources received from a property owner assessment. These funds are to be spent on improvements in the Downtown area.

NONMAJOR CAPITAL PROJECTS FUNDS

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

Legislative Appropriations (391) – To account for the financial resources received from the State of New Mexico. Resources are restricted by project. Funds are received on a cost reimbursement basis, once the City completes the project.

Public Works (399) — To account for the financial resources for various capital construction projects. Transfers from various funds and grants from the State of New Mexico Provide resources for the construction projects.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund – Accounts for the accumulation of resources for the payment of principal and interest for all debt relating to governmental funds. The resources of this fund are generated by the City's share of the gross receipts tax and lodger's tax.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

		Special Revenue Funds	Capital Projects Funds	Debt Service	Total
Assets					
Cash and cash equivalents	$	2,737,833	1,148,355	1,261,943	5,148,131
Restricted cash		36	-	138,979	139,015
Investments		1,054,733	-	252,228	1,306,961
Receivables					
Property taxes		-	-	47,493	47,493
Other taxes		100,597	-	-	100,597
Grants receivable		1,009,863	407,426	-	1,417,289
Accounts receivables, net		78,324	-	-	78,324
Total assets	$	4,981,386	1,555,781	1,700,643	8,237,810
Liabilities, deferred inflows of resources, and fund balances					
Accounts payable	$	669,261	158,883	-	828,144
Accrued payroll expenses		107,338	-	-	107,338
Due to other funds		830,000	385,000	-	1,215,000
Total liabilities		1,606,599	543,883	-	2,150,482
Deferred inflows of resources					
Deferred inflows - property taxes		-	-	29,478	29,478
Total Liabilities and Deferred Inflow of Resources		1,606,599	543,883	29,478	2,179,960
Fund balances					
Nonspendable		-	-	-	-
Restricted		3,631,369	1,011,898	-	4,643,267
Committed		-	-	1,671,165	1,671,165
Assigned		-	-	-	-
Unassigned		(256,582)	-	-	(256,582)
Total fund balances		3,374,787	1,011,898	1,671,165	6,057,850
Total liabilities, deferred inflows of resources, and fund balances	$	4,981,386	1,555,781	1,700,643	8,237,810

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total
Revenues:				
Taxes:				
Property	$ -	-	499,120	499,120
Gasoline and motor vehicle	1,173,715	-	-	1,173,715
Lodger's	1,588,339	-	-	1,588,339
Intergovernmental:				
State operating grants	1,289,416	-	-	1,289,416
State capital grants	270,396	806,591	-	1,076,987
Federal operating grants	1,785,687	-	-	1,785,687
Federal capital grants	418,889	81,624	-	500,513
Charges for services	989,780	-	-	989,780
Investment income	17,770	-	9,585	27,355
Miscellaneous	19,851	-	-	19,851
Total revenues	7,553,843	888,215	508,705	8,950,763
Expenditures:				
Current:				
General government	65,284	-	271	65,555
Public safety	231,427	-	-	231,427
Public works	2,370,441	349,110	-	2,719,551
Culture and recreation	2,470,887	-	-	2,470,887
Health and welfare	2,736,031	-	-	2,736,031
Capital outlay	1,220,648	595,353	-	1,816,001
Debt service:				
Principal	-	-	1,812,410	1,812,410
Interest	-	-	655,958	655,958
Total expenditures	9,094,718	944,463	2,468,639	12,507,820
Excess (deficiency) of revenues over expenditures	(1,540,875)	(56,248)	(1,959,934)	(3,557,057)
Other financing sources (uses)				
Transfers in	2,033,125	419,456	2,124,963	4,577,544
Transfers out	(663,592)	(336,682)	-	(1,000,274)
Total other financing sources (uses)	1,369,533	82,774	2,124,963	3,577,270
Net change in fund balances	(171,342)	26,526	165,029	20,213
Fund balances - beginning of year	3,546,129	985,372	1,506,136	6,037,637
Fund balances - end of year	$ 3,374,787	1,011,898	1,671,165	6,057,850

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2019

		Corrections 201	EMS 206	Fire Protection 209	Law Enforcement 211	Library 213	Lodger's Tax 214
Assets							
Cash and cash equivalents	$	534,443	1	518,140	386	124,352	319,111
Investments		-	-	-	-	-	932,634
Receivables							
Grants receivable		-	-	18,481	-	-	-
Total assets	$	534,443	1	536,621	386	124,352	1,251,745
Liabilities							
Accounts payable	$	3,393	-	78	26,408	7,995	145,903
Accrued payroll expenses		-	-	-	-	-	13,357
Total liabilities		3,393	-	78	26,408	7,995	159,260
Fund balances							
Nonspendable		-	-	-	-	-	-
Restricted		531,050	1	536,543	-	116,357	1,092,485
Committed		-	-	-	-	-	-
Assigned		-	-	-	-	-	-
Unassigned		-	-	-	(26,022)	-	-
Total fund balances		531,050	1	536,543	(26,022)	116,357	1,092,485
Total liabilities and fund balances	$	534,443	1	536,621	386	124,352	1,251,745

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2019

		Municipal Street 216	Juvenile Recreation 217	Intergovernmental Grants 218	Senior Citizens 219	Gallup Detox 290
Assets						
Cash and cash equivalents	$	1,024,100	-	1,505	201,705	2,642
Restricted cash		36	-	-	-	-
Investments		122,099	-	-	-	-
Receivables						
Other taxes		100,597	-	-	-	-
Grants receivable		-	-	159,942	76,571	335,980
Accounts receivables, net		9,141	-	-	-	-
Total assets	$	1,255,973	-	161,447	278,276	338,622
Liabilities						
Accounts payable	$	235,578	-	29,985	6,282	213,639
Accrued payroll expenses		50,962	-	-	37,476	5,543
Due to other funds		-	-	105,000	-	350,000
Total liabilities		286,540	-	134,985	43,758	569,182
Fund balances						
Nonspendable		-	-	-	-	-
Restricted		969,433	-	26,462	234,518	-
Committed		-	-	-	-	-
Assigned		-	-	-	-	-
Unassigned		-	-	-	-	(230,560)
Total fund balances		969,433	-	26,462	234,518	(230,560)
Total liabilities and fund balances	$	1,255,973	-	161,447	278,276	338,622

See Independent Auditor's Report.
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STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2019

	CDBG 291	Business Improvement District 293	Total Special Revenue Funds
Assets			
Cash and cash equivalents	$ 4,711	6,737	2,737,833
Restricted cash	-	-	36
Investments	-	-	1,054,733
Receivables			
Other taxes	-	-	100,597
Grants receivable	418,889	-	1,009,863
Accounts receivables, net	-	69,183	78,324
Total assets	$ 423,600	75,920	4,981,386
Liabilities			
Accounts payable	$ -	-	669,261
Accrued payroll expenses	-	-	107,338
Due to other funds	375,000	-	830,000
Total liabilities	375,000	-	1,606,599
Fund balances			
Nonspendable	-	-	-
Restricted	48,600	75,920	3,631,369
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(256,582)
Total fund balances	48,600	75,920	3,374,787
Total liabilities and fund balances	$ 423,600	75,920	4,981,386

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
AS OF JUNE 30, 2019

		Airport 308	Legislative Appropriations 391	Public Works 399	Total Capital Project Funds
Assets					
Cash and cash equivalents	$	238,254	1,126	908,975	1,148,355
Receivables					
Grants receivable		-	395,331	12,095	407,426
Total assets	$	238,254	396,457	921,070	1,555,781
Liabilities					
Accounts payable	$	-	-	158,883	158,883
Due to other funds		-	385,000	-	385,000
Total liabilities		-	385,000	158,883	543,883
Fund balances					
Nonspendable		-	-	-	-
Restricted		238,254	11,457	762,187	1,011,898
Committed		-	-	-	-
Assigned		-	-	-	-
Unassigned		-	-	-	-
Total fund balances		238,254	11,457	762,187	1,011,898
Total liabilities and fund balances	$	238,254	396,457	921,070	1,555,781

See Independent Auditor's Report.
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STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
AS OF JUNE 30, 2019

		Debt Service	Total Debt Service Funds
Assets			
Cash and cash equivalents	$	1,261,943	1,261,943
Restricted cash		138,979	138,979
Investments		252,228	252,228
Receivables			
Property taxes		47,493	47,493
Total assets		1,700,643	1,700,643
Liabilities, deferred inflows of resources, and fund balances			
Accounts payable		-	-
Total liabilities		-	-
Deferred inflows of resources			
Deferred inflows - property taxes		29,478	29,478
Total Liabilities and Deferred Inflow of Resources		29,478	29,478
Fund balances			
Nonspendable		-	-
Restricted		-	-
Committed		1,671,165	1,671,165
Assigned		-	-
Unassigned		-	-
Total fund balances		1,671,165	1,671,165
Total liabilities, deferred inflows of resources, and fund balances	$	1,700,643	1,700,643

See Independent Auditor's Report.
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STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Corrections 201	EMS 206	Fire Protection 209	Law Enforcement 211	Library 213	Lodger's Tax 214
Revenues:						
Taxes:						
Lodger's	$ -	-	-	-	-	1,588,339
Intergovernmental:						
State operating grants	-	13,069	563,570	66,600	20,424	-
Federal operating grants	-	-	18,481	-	-	-
Charges for services	126,823	-	-	-	12,379	4,193
Investment income	-	-	-	-	-	15,413
Total revenues	126,823	13,069	582,051	66,600	32,803	1,607,945
Expenditures:						
Current:						
Public safety	57,594	13,609	66,931	93,293	-	-
Culture and recreation	-	-	-	-	30,991	1,592,903
Capital outlay	-	-	195,353	-	9,768	153,238
Total expenditures	57,594	13,609	262,284	93,293	40,759	1,746,141
Excess (deficiency) of revenues over expenditures	69,229	(540)	319,767	(26,693)	(7,956)	(138,196)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(135,265)	-	-	(90,000)
Total other financing sources (uses)	-	-	(135,265)	-	-	(90,000)
Net change in fund balances	69,229	(540)	184,502	(26,693)	(7,956)	(228,196)
Fund balance - beginning of year	461,821	541	352,041	671	124,313	1,320,681
Fund balances - end of year	$ 531,050	1	536,543	(26,022)	116,357	1,092,485

See Independent Auditor's Report.
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STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Municipal Street 216	Juvenile Recreation 217	Intergovernmental Grants 218	Senior Citizens 219	Gallup Detox 290
Revenues:					
Taxes:					
Gasoline and motor vehicle	$ 1,173,715	-	-	-	-
Intergovernmental:					
State operating grants	-	-	20,441	135,879	469,433
State capital grants	270,396	-	-	-	-
Federal operating grants	-	-	145,248	200,656	1,421,302
Charges for services	-	-	-	-	606,464
Investment income	2,357	-	-	-	-
Miscellaneous	-	-	-	19,851	-
Total revenues	1,446,468	-	165,689	356,386	2,497,199
Expenditures:					
Current:					
General government	-	-	65,284	-	-
Public works	2,370,441	-	-	-	-
Culture and recreation	-	-	-	604,690	-
Health and welfare	-	-	-	-	2,736,031
Capital outlay	747,347	-	114,942	-	-
Total expenditures	3,117,788	-	180,226	604,690	2,736,031
Excess (deficiency) of revenues over expenditures	(1,671,320)	-	(14,537)	(248,304)	(238,832)
Other financing sources (uses)					
Transfers in	1,670,149	-	25,185	337,791	-
Transfers out	-	-	-	(43,658)	-
Total other financing sources (uses)	1,670,149	-	25,185	294,133	-
Net change in fund balances	(1,171)	-	10,648	45,829	(238,832)
Fund balances - beginning of year	970,604	-	15,814	188,689	8,272
Fund balances - end of year	$ 969,433	-	26,462	234,518	(230,560)

See Independent Auditor's Report.
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STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	CDBG 291	Business Improvement District 293	Total Special Revenue Funds
Revenues:			
Taxes:			
Gasoline and motor vehicle	$ -	-	1,173,715
Lodger's	-	-	1,588,339
Intergovernmental:			
State operating grants	-	-	1,289,416
State capital grants	-	-	270,396
Federal operating grants	-	-	1,785,687
Federal capital grants	418,889	-	418,889
Charges for services	-	239,921	989,780
Investment income	-	-	17,770
Miscellaneous	-	-	19,851
Total revenues	418,889	239,921	7,553,843
Expenditures:			
Current:			
General government	-	-	65,284
Public safety	-	-	231,427
Public works	-	-	2,370,441
Culture and recreation	-	242,303	2,470,887
Health and welfare	-	-	2,736,031
Capital outlay	-	-	1,220,648
Total expenditures	-	242,303	9,094,718
Excess (deficiency) of revenues over expenditures	418,889	(2,382)	(1,540,875)
Other financing sources (uses)			
Transfers in	-	-	2,033,125
Transfers out	(394,669)	-	(663,592)
Total other financing sources (uses)	(394,669)	-	1,369,533
Net change in fund balances	24,220	(2,382)	(171,342)
Fund balances - beginning of year	24,380	78,302	3,546,129
Fund balances - end of year	$ 48,600	75,920	3,374,787

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Airport 308	Legislative Appropriations 391	Public Works 399	Total Capital Project Funds
Revenues:				
Intergovernmental:				
State capital grants	$ -	736,443	70,148	806,591
Federal capital grants	-	-	81,624	81,624
Total revenues	-	736,443	151,772	888,215
Expenditures:				
Current:				
Public works	-	12,361	336,749	349,110
Capital outlay	-	595,353	-	595,353
Total expenditures	-	607,714	336,749	944,463
Excess (deficiency) of revenues over expenditures	-	128,729	(184,977)	(56,248)
Other financing sources (uses)				
Transfers in	-	-	419,456	419,456
Transfers out	-	(120,170)	(216,512)	(336,682)
Total other financing sources (uses)	-	(120,170)	202,944	82,774
Net change in fund balances	-	8,559	17,967	26,526
Fund balances - beginning of year	238,254	2,898	744,220	985,372
Fund balances - end of year	$ 238,254	11,457	762,187	1,011,898

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
G STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Debt Service	Total Debt Service Funds
Revenues:			
Taxes:			
Property	$	499,120	499,120
Interest income		9,585	9,585
Total revenues		508,705	508,705
Expenditures:			
Current:			
General government		271	271
Debt service:			
Principal		1,812,410	1,812,410
Interest		655,958	655,958
Total expenditures		2,468,639	2,468,639
Excess (deficiency) of revenues over expenditures		(1,959,934)	(1,959,934)
Other financing sources (uses)			
Transfers in		2,124,963	2,124,963
Transfers out		-	-
Total other financing sources (uses)		2,124,963	2,124,963
Net change in fund balances		165,029	165,029
Fund balance, - beginning		1,506,136	1,506,136
Fund balance - ending	$	1,671,165	1,671,165

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NONMAJOR PROPRIETARY FUNDS

Fitness Center (516) – To account for the operations of the Fitness Center Health Club. Activities of the fund include administration, operation, and maintenance of the facility. All costs are financed through membership dues.

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

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

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
AS OF JUNE 30, 2019

		Fitness Center 516	Rodeo 590	Gamerco 592	Total
Assets					
Current Assets					
Cash and cash equivalents	$	593,986	411,280	215,719	1,220,985
Receivables:					
Accounts receivables, net		-	-	82,516	82,516
Total current assets		593,986	411,280	298,235	1,303,501
Noncurrent Assets					
Land and work in progress		100,560	-	-	100,560
Capital assets, depreciable		17,402	-	-	17,402
Less: accumulated depreciation		(6,658)	-	-	(6,658)
Total noncurrent assets		111,304	-	-	111,304
Total Assets		705,290	411,280	298,235	1,414,805
Deferred Outflows of Resources					
Pension deferral		61,287	-	-	61,287
OPEB deferral		18,675	-	-	18,675
Total deferred outflows of resources		79,962	-	-	79,962
Total Assets and Deferred Outflows of Resources	$	785,252	411,280	298,235	1,494,767
Liabilities					
Current liabilities					
Accounts payable	$	618	259,066	74,488	334,172
Accrued payroll expenses		4,445	-	-	4,445
Accrued tax liability		1,189	-	-	1,189
Compensated absences		5,218	-	-	5,218
Total current liabilities		11,470	259,066	74,488	345,024
Noncurrent Liabilities					
Compensated absences		2,809	-	-	2,809
Net pension liability		199,318	-	-	199,318
Net OPEB liability		124,750	-	-	124,750
Total noncurrent liabilities		326,877	-	-	326,877
Total liabilities		338,347	259,066	74,488	671,901
Deferred Inflows of Resources					
Pension deferral		16,680	-	-	16,680
OPEB deferral		31,778	-	-	31,778
Total deferred inflows of resources		48,458	-	-	48,458
Net Position					
Net investment in capital assets		111,304	-	-	111,304
Unrestricted		287,143	152,214	223,747	663,104
Total net position		398,447	152,214	223,747	774,408
Total Liabilities, Deferred Inflows or Resources, and Net Position	$	785,252	411,280	298,235	1,494,767

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fitness Center 516	Rodeo 590	Gamerco 592	Total
Operating revenues:				
Charges for services	$ 260,956	351,718	458,095	1,070,769
Total operating revenues	260,956	351,718	458,095	1,070,769
Operating expenses:				
Personnel services	160,186	-	-	160,186
Contractual services	3,481	302,771	461,254	767,506
Supplies and equipment	36,357	-	-	36,357
Repairs and maintenance	36,594	-	-	36,594
Utilities	36,873	-	-	36,873
Miscellaneous	10,287	38,705	-	48,992
Depreciation and amortization	2,900	-	-	2,900
Total operating expenses	286,678	341,476	461,254	1,089,408
Operating income (loss)	(25,722)	10,242	(3,159)	(18,639)
Non-operating revenues (expenses):				
None				
Total non-operating revenues (expenses)	-	-	-	-
Transfers in	-	90,000	-	90,000
Transfers out	-	-	-	-
Net capital grants and transfers	-	90,000	-	90,000
Change in net position	(25,722)	100,242	(3,159)	71,361
Net position, beginning of year	424,169	51,972	226,906	703,047
Net position, end of year	$ 398,447	152,214	223,747	774,408

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Fitness Center 516	Rodeo 590	Gamerco 592	Total
Cash flows from operating activities:					
Receipts from customers and users	$	260,956	351,718	464,615	1,077,289
Payments to employees		(144,124)	-	-	(144,124)
Payments to suppliers		(112,876)	(240,171)	(412,985)	(766,032)
Other receipts/(payments)		(10,287)	(38,705)	-	(48,992)
Net cash provided (used) by operating activities		(6,331)	72,842	51,630	118,141
Cash flows from noncapital financing activities:					
Transfers from other funds		-	90,000	-	90,000
Transfers to other funds		-	-	-	-
Net cash provided (used) by noncapital financing activities		-	90,000	-	90,000
Cash flows from capital and related financing activities:					
None					
Net cash provided (used) by capital and related financing activities		-	-	-	-
Cash flows from investing activities:					
None					
Net cash provided (used) by investing activities		-	-	-	-
Net increase (decrease) in cash and cash equivalents		(6,331)	162,842	51,630	208,141
Balances - beginning of year		600,317	248,438	164,089	1,012,844
Balances - end of year	$	593,986	411,280	215,719	1,220,985

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Fitness Center 516	Rodeo 590	Gamerco 592	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$	(25,722)	10,242	(3,159)	(18,639)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense		2,900	-	-	2,900
Pension expense		14,004	-	-	14,004
OPEB expense		936	-	-	936
Bad debt expense		-	-	3,673	3,673
(Increase) decrease in:					
Accounts receivable		-	-	2,847	2,847
(Decrease) increase in:					
Accounts payable		429	62,600	49,791	112,820
Accrued payroll		(1,225)	-	-	(1,225)
Unearned revenue		-	-	(1,522)	(1,522)
Compensated absences		2,347	-	-	2,347
Net cash provided (used) by operating activities	$	(6,331)	72,842	51,630	118,141

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
MUNICIPAL COURT					
704					
Assets					
Cash and cash equivalents	$	4,782	10,312	(11,093)	4,001
Total assets	$	4,782	10,312	(11,093)	4,001
Liabilities					
Deposits payable	$	4,782	10,312	(11,093)	4,001
Total liabilities	$	4,782	10,312	(11,093)	4,001
TRUST & AGENCY					
799					
Assets					
Cash and cash equivalents	$	264,644	19,242	(16,295)	267,591
Total assets	$	264,644	19,242	(16,295)	267,591
Liabilities					
Deposits payable	$	264,644	19,242	(16,295)	267,591
Total liabilities	$	264,644	19,242	(16,295)	267,591
TOTALS - ALL AGENCY FUNDS					
Assets					
Cash and cash equivalents	$	269,426	29,554	(27,388)	271,592
Total assets	$	269,426	29,554	(27,388)	271,592
Liabilities					
Deposits payable	$	269,426	29,554	(27,388)	271,592
Total liabilities	$	269,426	29,554	(27,388)	271,592

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS*

	2019	2018	2017	2016	2015
	Measurement Date as of				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The City's proportion of the net pension liability (asset) (%)					
Municipal General	1.1362%	1.0557%	1.0336%	1.0499%	1.0439%
Municipal Police	1.5124%	1.4763%	1.5938%	1.5863%	1.5291%
Municipal Fire	1.6109%	1.6205%	1.6829%	1.7953%	1.6470%
	1.3284%	1.2783%	1.3155%	1.3686%	1.3130%
The City's proportionate share of the net pension liability (asset) ($)					
Municipal General	$ 18,115,234	14,506,211	16,513,450	10,704,640	8,143,540
Municipal Police	10,319,170	8,201,814	11,759,530	7,627,820	4,984,700
Municipal Fire	10,310,771	9,271,603	11,226,654	9,265,869	6,874,567
	$ 38,745,175	31,979,628	39,499,634	27,598,329	20,002,807
The City's covered payroll					
Municipal General	$ 9,584,503	9,271,791	9,194,492	8,676,607	10,073,283
Municipal Police	3,195,370	3,042,545	3,288,434	3,098,127	3,992,894
Municipal Fire	2,047,025	1,963,704	2,035,150	2,084,000	2,143,801
	$ 14,826,898	14,278,040	14,518,076	13,858,734	16,209,978
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
Municipal General	189.01%	156.46%	179.60%	123.37%	80.84%
Municipal Police	322.94%	269.57%	357.60%	246.21%	124.84%
Municipal Fire	503.70%	472.15%	551.64%	444.62%	320.67%
Plan fiduciary net position as a percentage of the total pension liability					
Municipal General	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Police	71.13%	73.74%	69.18%	76.99%	81.29%
Municipal Fire	71.13%	73.74%	69.18%	76.99%	81.29%

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS*

		2019	2018	2017	2016	2015
Statutory required contribution						
Municipal General	$	932,500	915,320	885,456	878,074	828,616
Municipal Police		618,041	603,925	575,041	621,514	585,546
Municipal Fire		447,134	443,181	425,142	440,610	451,186
	$	1,997,675	1,962,426	1,885,639	1,940,198	1,865,348
Contributions in relation to the statutorily required contribution						
Municipal General	$	932,500	915,320	885,456	878,074	828,616
Municipal Police		618,041	603,925	575,041	621,514	585,546
Municipal Fire		447,134	443,181	425,142	440,610	451,186
	$	1,997,675	1,962,426	1,885,639	1,940,198	1,865,348
Contribution deficiency (excess)						
Municipal General	$	-	-	-	-	-
Municipal Police		-	-	-	-	-
Municipal Fire		-	-	-	-	-
	$	-	-	-	-	-

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2019

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. https://www.saonm.org

Changes of Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at http://www.nmpera.org/

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

		2019	2018
		Measurement Date as of	
		June 30, 2018	June 30, 2017
The City's proportion of the net OPEB liability (asset) (%)		0.42156%	0.36203%
The City's proportionate share of the net OPEB liability (asset) ($)	$	18,330,925	16,406,016
The City's covered-employee payroll	$	18,087,524	15,080,893
The City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll		101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for available years.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS OPEB PLAN
LAST 10 FISCAL YEARS*

		2019	2018
Contractually required contribution	$	658,758	1,149,615
Contributions in relation to the statutorily required contribution		650,715	576,979
Contribution deficiency (excess)	$	8,043	572,636
City's covered-employee payroll	$	18,087,524	15,080,893
Contributions as a percentage of covered-employee payroll		3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for available years.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2019

Changes of Benefit Terms: There were no modifications to the benefit provisions as this is the second year of adoption of the OPEB accounting standard.

Changes of Assumptions: The New Mexico Retiree Health Care Authority Annual Actuarial Valuations as of June 2018 report is available by contacting the Authority at 4308 Carlisle Blvd. NE Suite 105, Albuquerque, NM 87107

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC, AND CAPITAL OUTLAY APPROPRIATIONS
AS OF JUNE 30, 2019

Description/Project	Admin Agency	SHARE Fund #	Agreement Date	Reversion Date	Original Appropriation Award ($)	Remaining Balance as of June 30, 2018	Current Year Expenditures	Remaining Balance as of June 30, 2019
15-0520 WWTP	NMDFA	89200	12/14/2015	6/30/2019	150,000	$ 15,147	15,147	-
17-4056 Veterans' Cemetery	NMDFA	89200	8/29/2017	6/30/2019	40,000	14,750	12,360	2,390
17-4057 Stake Park	NMDFA	89200	8/18/2017	6/30/2019	50,000	26,270	26,270	-
16-2457 Indian Hills Lights	NMDFA	89200	9/21/2016	6/30/2020	50,000	9,038	-	9,038
16-2459 Skate Park	NMDFA	89200	9/21/2016	6/30/2020	195,000	102,459	102,459	-
18-C2532 Police Vehicle	NMDFA	89200	8/21/2018	6/30/2020	226,000	-	226,000	-
15-1029 Allison	NMDOT	89300	1/27/2016	6/30/2019	650,000	80,086	70,148	9,938
17-B4058 Veterans' Cemetery Rd	NMDOT	89300	12/18/2017	6/30/2019	75,000	-	75,000	-
18-C2647 Veterans' Cemetery Access Road	NMDOT	89300	10/24/2018	6/30/2022	335,500	-	294,353	41,147
						$ 247,750	821,737	62,513

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF CASH, INVESTMENTS, AND PLEDGED COLLATERAL
BY BANK AND ACCOUNT
AS OF JUNE 30, 2019

Account Name	Account Type	Wells Fargo Bank, NA	LPL Financial	Pinnacle Bank	Washington Federal	New Mexico Finance Authority	NM Local Government Investment Pool	Petty cash	Reconciling Items	Book Balance
Cash, cash equivalents, and investments										
Operational	Checking*	$ 43,966,402	-	-	-	-	-	-	(2,088,171)	41,878,231
Gallup Municipal Court	Checking*	9,856	-	-	-	-	-	-	(5,855)	4,001
Escrow - Rio Puerco Project	Checking*	36	-	-	-	-	-	-	-	36
Community Block Grant	Checking*	5	-	-	-	-	-	-	-	5
Money Market Mutual Funds	Money Market*	7,688,962	13,772	18,068,202	2,002,132	-	-	-	-	27,773,068
Certificate of Deposits	Certificate of Deposit	-	17,012,541	2,028,261	-	-	-	-	-	19,040,802
Federal National Mortgage Association	US Agency Securities	-	5,215,825	-	-	-	-	-	-	5,215,825
Federal Home Loan Mortgage Corp	US Agency Securities	-	1,638,327	-	-	-	-	-	-	1,638,327
Federal Home Loan Bank	US Agency Securities	-	2,790,015	-	-	-	-	-	-	2,790,015
New Mexico Municipal	US Agency Securities	-	1,305,516	-	-	-	-	-	-	1,305,516
NMFA	Reserves	-	-	-	-	4,209,339	-	-	-	4,209,339
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	-	-	299	-	-	299
Petty cash	Petty Cash	-	-	-	-	-	-	13,465	-	13,465
Subtotal cash and investments		51,665,261	27,975,996	20,096,463	2,002,132	4,209,339	299	13,465	(2,094,026)	103,868,929
Total amount of deposit in bank		51,665,261	16,998,769	20,096,463	2,002,132	-	-	-		
FDIC coverage		(250,000)	(16,998,769)	(250,000)	(250,000)	-	-	-		
Total uninsured public funds		51,415,261	-	19,846,463	1,752,132	-	-	-		
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		1,929,944	-	9,923,232	876,066	-	-	-		
102% Collateral Requirement (Section 6-10-10(H) NMSA 1978)		40,908,645	-	-	-	-	-	-		
		42,838,589	-	9,923,232	876,066	-	-	-		
Pledged security at:										
Wells Fargo FNMA FNMS 2.50 % - 3140F9QB4 09/01/31		1,611,864	-	-	-	-	-	-		
Wells Fargo FMAC FGPC 4.00% - 3128MCJ55 11/01/24		85,848	-	-	-	-	-	-		
Wells Fargo FNMA FNMS 4.00% - 3140J6EC7 10/01/47		591,830	-	-	-	-	-	-		
Wells Fargo FHG-3 3.00% - 3128MJYG9 6/1/2046		40,908,646	-	-	-	-	-	-		
Washington Federal FNMA 3.00% - 3140EW4W2 11/01/2046		-	-	-	937,194	-	-	-		
Pinnacle Bank FHLB BONDS 5.25% - 3133XN4B2 12/9/2022		-	-	2,746,207	-	-	-	-		
Pinnacle Bank FHLB BONDS 5.25% - 3133XN4B2 12/9/2022		-	-	8,455,867	-	-	-	-		
Pinnacle Bank FHLB BONDS 5.25% - 3133XN4B2 12/9/2022		-	-	10,055,000	-	-	-	-		
Total collateral		43,198,188	-	21,257,074	937,194	-	-	-		
Amount over/(under) collateralized		$ 359,599	-	11,333,843	61,128	-	-	-		
Amount over/(under) collateralized & insured		$ 609,599	16,998,769	11,583,843	311,128	-	-	-		
Total book balance		$ 41,882,273	27,975,996	20,096,463	2,002,132	4,209,339	299	13,465		

*denotes interest bearing account

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FUND BALANCES
AS OF JUNE 30, 2019

		General Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	$	186,306	-	186,306
Subtotal nonspendable		186,306	-	186,306
Restricted for:				
Operation of the correction facilities		-	531,050	531,050
EMS training of personnel and admin expenses		-	1	1
Operation, maintenance, and betterment of local fire districts		-	536,543	536,543
Library books and non-admin purchases		-	116,357	116,357
Tourism		-	1,092,485	1,092,485
Road repairs, maintenance, and improvements		-	969,433	969,433
Metro redevelopment and improvements		-	102,382	102,382
Operating/administering senior citizens facility		-	234,518	234,518
Housing rehabilitation and construction		-	48,600	48,600
Airport improvements		-	238,254	238,254
Capital construction projects funded by State of New Mexico Legislative Appropriations		-	773,644	773,644
Minimum fund balance requirement		2,495,650	-	2,495,650
Subtotal restricted		2,495,650	4,643,267	7,138,917
Committed to:				
Debt service		-	1,671,165	1,671,165
Subtotal committed		-	1,671,165	1,671,165
Assigned to:				
None		-	-	-
Subtotal assigned		-	-	-
Unassigned:		15,730,320	(256,582)	15,473,738
Total fund balances	$	18,412,276	6,057,850	24,470,126

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Joint Powers Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed by City during current FY	Audit Responsibility
1	Northwest New Mexico Regional Solid Waste Authority	City of Gallup McKinley County Cibola County City of Grants Village of Milan	All	Operation or solid waste authority and its facilities	11/23/16 until terminated	None	None	None
2	Liquor Excise Tax	City of Gallup McKinley County	McKinley County	Liquor Excise tax usage	7/1/16-6/30/20	None	None	None
3	Animal Control Operation	City of Gallup McKinley County	Both	Joint funding of operation of animal control services	7/1/16 until terminated	60% City of Gallup 40% McKinley County	$ 265,026	Each Participant

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF REVENUE AND EXPENSES - AGING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2019

		Congregate Meals	Home Delivered Meals	Transportation	Total
Revenue and other support					
Contributions	$	11,376	8,475	-	19,851
Governmental grants & contracts					
NCNMEDD - Non-Metro AAA					
Title IIIB		-	-	34,524	34,524
Title IIIC1		96,746	-	-	96,746
Title IIIC2		-	12,020	-	12,020
NSIP		28,683	28,683	-	57,366
State Funds		57,668	38,757	39,454	135,879
Local match (transfer from City)		186,965	138,462	12,364	337,791
Total revenue and other support		381,438	226,397	86,342	694,177
Expenses					
Program services		349,128	194,958	60,604	604,690
Total expenses		349,128	194,958	60,604	604,690
Excess (deficiency) of revenue over expenses	$	32,310	31,439	25,738	89,487
Units provided		*43,874*	*14,342*	*12,588*	*70,804*
Persons served		*1,218*	*82*	*98*	*1,398*

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STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE - BALANCE SHEET
AS OF JUNE 30, 2019

Line Item Number	Description	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/ Local	1 Business Activities	Subtotal	ELIM	Total
111	Cash - Unrestricted	$ 615,249	70,688	33,852	-	2,248	722,037	-	722,037
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	54,086	-	-	-	-	54,086	-	54,086
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100	**Total Cash**	669,335	70,688	33,852	-	2,248	776,123	-	776,123
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	56,475	4,151	-	-	-	60,626	-	60,626
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	14,080	-	-	-	-	14,080	-	14,080
126.1	Allowance for Doubtful Accounts -Tenants	(5,861)	-	-	-	-	(5,861)	-	(5,861)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-
128	Fraud Recovery	22,795	-	-	-	-	22,795	-	22,795
128.1	Allowance for Doubtful Accounts - Fraud	(7,492)	-	-	-	-	(7,492)	-	(7,492)
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-
120	**Total Receivables, Net of Allowances for Doubtful Accounts**	79,997	4,151	-	-	-	84,148	-	84,148
131	Investments - Unrestricted	-	-	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	18,070	358	-	-	-	18,428	-	18,428
143	Inventories	52,234	-	-	-	-	52,234	-	52,234
143.1	Allowance for Obsolete Inventories	(5,223)	-	-	-	-	(5,223)	-	(5,223)
144	Inter Program Due From	51,611	532	-	-	-	52,143	(52,143)	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-
150	**Total Current Assets**	866,024	75,729	33,852	-	2,248	977,853	(52,143)	925,710
161	Land	1,593,833	-	-	-	-	1,593,833	-	1,593,833
162	Buildings	14,136,773	-	-	-	-	14,136,773	-	14,136,773
163	Furniture, Equipment & Machinery - Dwellings	56,659	-	-	-	-	56,659	-	56,659
164	Furniture, Equipment & Machinery - Administration	504,904	14,942	-	-	-	519,846	-	519,846
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(8,634,974)	(14,867)	-	-	-	(8,649,841)	-	(8,649,841)
167	Construction in Progress	51,275	-	-	-	-	51,275	-	51,275
168	Infrastructure	-	-	-	-	-	-	-	-
160	**Total Capital Assets, Net of Accumulated Depreciation**	7,708,470	75	-		-	7,708,545	-	7,708,545
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-
180	**Total Non-Current Assets**	7,708,470	75	-	-	-	7,708,545	-	7,708,545
200	Deferred Outflow of Resources	229,098	4,343	-	-	-	233,441	-	233,441
290	**Total Assets and Deferred Outflow of Resources**	$ 8,803,592	80,147	33,852	-	2,248	8,919,839	(52,143)	8,867,696
311	Bank Overdraft	$ -	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	18,958	496	-	-	-	19,454	-	19,454
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	19,765	599	-	-	-	20,364	-	20,364
322	Accrued Compensated Absences - Current Portion	13,037	230	-	-	-	13,267	-	13,267
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	3,733	-	-	3,733	-	3,733
332	Account Payable - PHA Projects	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	54,086	-	-	-	-	54,086	-	54,086
342	Unearned Revenue	9,782	-	-	-	-	9,782	-	9,782
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	25,836	-	-	-	-	25,836	-	25,836
347	Inter Program - Due To	-	4,027	532	46,663	921	52,143	(52,143)	-
348	Loan Liability - Current	-	-	-	-	-	-	-	-
310	**Total Current Liabilities**	141,464	5,352	4,265	46,663	921	198,665	(52,143)	146,522

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STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE - BALANCE SHEET
AS OF JUNE 30, 2019

Line Item Number	Description	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/ Local	1 Business Activities	Subtotal	ELIM	Total
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-
353	Non-current Liabilities - Other	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	33,658	113	-	-	-	33,771	-	33,771
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	1,269,233	27,432	-	-	-	1,296,665	-	1,296,665
350	**Total Non-Current Liabilities**	1,302,891	27,545	-	-	-	1,330,436	-	1,330,436
300	**Total Liabilities**	1,444,355	32,897	4,265	46,663	921	1,529,101	(52,143)	1,476,958
400	Deferred Inflow of Resources	215,244	6,808	-	-	-	222,052	-	222,052
508.4	Net Investment in Capital Assets	7,708,470	75	-	-	-	7,708,545	-	7,708,545
511.4	Restricted Net Position	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	(564,477)	40,367	29,587	(46,663)	1,327	(539,859)	-	(539,859)
513	**Total Equity - Net Assets / Position**	7,143,993	40,442	29,587	(46,663)	1,327	7,168,686	-	7,168,686
600	**Total Liabilities, Deferred Inflows of Resources and Equity - Net** $	8,803,592	80,147	33,852	-	2,248	8,919,839	(52,143)	8,867,696

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STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE - STATEMENT OF REVENUES AND EXPENDITURES
AS OF JUNE 30, 2019

Line Item Number	Description	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/ Local	1 Business Activities	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	$ 810,639	-	-	-	-	810,639	-	810,639
70400	Tenant Revenue - Other	63,124	-	-	-	-	63,124	-	63,124
70500	**Total Tenant Revenue**	873,763	-	-	-	-	873,763	-	873,763
70600	HUD PHA Operating Grants	1,292,439	193,476	6,461	-	-	1,492,376	-	1,492,376
70610	Capital Grants	422,489	-	-	-	-	422,489	-	422,489
70710	Management Fee	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-
70700	**Total Fee Revenue**	-	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	72	7	3	-	1	83	-	83
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-
71500	Other Revenue	33,803	-	9	-	921	34,733	-	34,733
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-
70000	**Total Revenue**	2,622,566	193,483	6,473	-	922	2,823,444	-	2,823,444
91100	Administrative Salaries	249,268	13,687	370	-	481	263,806	-	263,806
91200	Auditing Fees	15,620	166	395	-	-	16,181	-	16,181
91300	Management Fee	-	-	-	-	-	-	-	-
91310	Book-keeping Fee	-	-	-	-	-	-	-	-
91400	Advertising and Marketing	13,902	268	7	-	-	14,177	-	14,177
91500	Employee Benefit contributions - Administrative	117,505	5,657	43	-	-	123,205	-	123,205
91600	Office Expenses	92,628	2,244	68	-	-	94,940	-	94,940
91700	Legal Expense	21,776	22	1	-	-	21,799	-	21,799
91800	Travel	4,684	303	8	-	440	5,435	-	5,435
91810	Allocated Overhead	-	-	-	-	-	-	-	-
91900	Other	70,830	2,295	36	-	-	73,161	-	73,161
91000	**Total Operating - Administrative**	586,213	24,642	928	-	921	612,704	-	612,704
92000	Asset Management Fee	-	-	-	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	5,129	-	-	-	-	5,129	-	5,129
92500	**Total Tenant Services**	5,129	-	-	-	-	5,129	-	5,129
93100	Water	97,301	-	-	-	-	97,301	-	97,301
93200	Electricity	97,985	-	-	-	-	97,985	-	97,985
93300	Gas	64,570	-	-	-	-	64,570	-	64,570
93400	Fuel	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-
93600	Sewer	56,509	-	-	-	-	56,509	-	56,509
93700	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	16,276	-	-	-	-	16,276	-	16,276
93000	**Total Utilities**	332,641	-	-	-	-	332,641	-	332,641
94100	Ordinary Maintenance and Operations - Labor	207,234	-	-	-	-	207,234	-	207,234
94200	Ordinary Maintenance and Operations - Materials and Other	194,460	-	-	-	-	194,460	-	194,460
94300	Ordinary Maintenance and Operations Contracts	232,434	-	-	-	-	232,434	-	232,434
94500	Employee Benefit Contributions - Ordinary Maintenance	97,692	-	-	-	-	97,692	-	97,692
94000	**Total Maintenance**	731,820	-	-	-	-	731,820	-	731,820
95100	Protective Services - Labor	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
95000	**Total Protective Services**	-	-	-	-	-	-	-	-
96110	Property Insurance	53,844	1,098	-	-	-	54,942	-	54,942
96120	Liability Insurance	25,533	521	-	-	-	26,054	-	26,054
96130	Workmen's Compensation	11,160	228	-	-	-	11,388	-	11,388
96140	All Other Insurance	5,539	241	-	-	-	5,780	-	5,780
96100	**Total Insurance Premiums**	96,076	2,088	-	-	-	98,164	-	98,164
96200	Other General Expenses	-	-	-	-	-	-	-	-
96210	Compensated Absences	37,163	758	-	-	-	37,921	-	37,921
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400	Bad debt - Tenant Rents	60,075	-	-	-	-	60,075	-	60,075
96500	Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-	-	-
96000	**Total Other General Expenses**	97,238	758	-	-	-	97,996	-	97,996

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF GALLUP
FINANCIAL DATA SCHEDULE - STATEMENT OF REVENUES AND EXPENDITURES
AS OF JUNE 30, 2019

Line Item Number	Description	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/ Local	1 Business Activities	Subtotal	ELIM	Total
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700	**Total Interest Expense and Amortization Cost**	-	-	-	-	-	-	-	-
96900	**Total Operating Expenses**	1,849,117	27,488	928	-	921	1,878,454	-	1,878,454
97000	**Excess of Operating Revenue over Operating Expenses**	773,449	165,995	5,545	-	1	944,990	-	944,990
97100	Extraordinary Maintenance	81,433	-	-	-	-	81,433	-	81,433
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	168,183	2,340	-	-	170,523	-	170,523
97350	HAP Portability-In	-	-	-	-	-	-	-	-
97400	Depreciation Expense	348,246	28	-	-	-	348,274	-	348,274
97500	Fraud Losses	-	-	-	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000	**Total Expenses**	2,278,796	195,699	3,268	-	921	2,478,684	-	2,478,684
10010	Operating Transfer In	444,178	-	-	-	-	444,178	(444,178)	-
10020	Operating Transfer Out	(444,178)	-	-	-	-	(444,178)	444,178	-
10030	Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-
10060	Proceeds from Property Sales	-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100	**Total Other Financing Sources (Uses)**	-	-	-	-	-	-	-	-
10000	**Excess (Deficiency) of Total Revenue Over (Under) Total Expenses**	343,770	(2,216)	3,205	-	1	344,760	-	344,760
11020	Required Annual Debt Principal Payments	$ -	-	-	-	-	-	-	-
11030	Beginning Equity	6,800,223	42,658	26,382	(46,663)	1,326	6,823,926	-	6,823,926
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-
11050	Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-
11060	Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-
11070	Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-
11080	Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-	-
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
11100	Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	40,442	-	-	-	40,442	-	40,442
11180	Housing Assistance Payments Equity	-	-	-	-		-	-	-
11190	Unit Months Available	3,156	450	48	-	-	3,654	-	3,654
11210	Number of Unit Months Leased	3,057	440	12	-	-	3,509	-	3,509
11270	Excess Cash	$ 506,011	-	-	-	-	506,011	-	506,011
11610	Land Purchases	-	-	-	-	-	-	-	-
11620	Building Purchases	$ 422,489	-	-	-	-	422,489	-	422,489
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	33,848	-	-	-	-	33,848	-	33,848
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-

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STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Program Title		CFDA Number	Project/ Pass-Through Number	Federal Expenditures
City of Gallup				
U.S. Department of Health and Human Services				
Preventable Alcohol-Related Deaths (PARD)		93.933	BH18IHS0001-01-00 and BH19IHS0001-01-00	$ 1,421,302
Passed through State of New Mexico Agency on Aging				
Aging Cluster:				
Title III B		93.044	2018-19-60013	34,524
Title III C1		93.045	2018-19-60013	96,746
Title III C2		93.045	2018-19-60013	12,020
Nutrition Services Incentive Program		93.053	2018-19-60013	57,366
Total Aging Cluster				200,656
Total U.S. Department of Health and Human Services				**1,621,958**
U.S. Department of Transportation				
Passed through New Mexico Department of Transportation				
Operation DWI		20.608	18-AL-64-PO2	386
ENDWI		20.608	19-AL-64-037	23,864
Operation DWI		20.608	18-AL-64-037	9,835
Passed through New Mexico Department of Homeland Security and Emergency Management				
2017 Hazardous Material Emergency Preparedness (HMEP)		20.703	HM-HMP-0579-16-02	18,481
Total U.S. Department of Transportation				**52,566**
U.S. Department of the Interior				
Passed through NM Bureau of Land Management				
Navajo-Gallup Water Supply Project	*	15.552	11-WC-40-435	3,462,745
Total U.S. Department of the Interior				**3,462,745**
U.S. Department of Homeland Security				
Passed through New Mexico Department of Homeland Security and Emergency Management				
Emergency Management Performance		97.042	EMT-2018-EP-0006-S01	7,494
Assistance to Firefighters		97.044	EMW-2017-FO-04940	37,800
Assistance to Firefighters		97.067	EMW-2018-SS-0056-S01	99,954
Total U.S. Department of Homeland Security				**145,248**
U.S. Department of Justice				
Passed through the Office of the Justice Assistance				
FY16 Local JAG Program		16.738	2016-DJ-BX-0901	4,500
FY17 Local JAG Program		16.738	2017-DJ-BX-0341	24,000
Total U.S. Department of Justice				**28,500**
U.S. Department of Housing and Urban Development				
Passed through New Mexico Department of Finance and Administration				
Sky City Phase IV		14.228	15-C-NR-I-01-G-15	418,889
Passed through Gallup Housing Authority (Component Unit)				
Sky City Phase IV		14.872	NM02P006501-17	150,000
Total U.S. Department of Housing and Urban Development				**568,889**
National Endowment for the Humanities				
Designs our Town		45.024	17-4292-7085 NEA	81,624
Total National Endowment for the Humanities				**81,624**
Environmental Protection Agency				
Passed through New Mexico Environment Department				
Clean Water State Revolving Funds (CWSRF)		66.458	CWSRF 605	1,325,341
Total Environmental Protection Agency				**1,325,341**
Total Federal Financial Assistance - City of Gallup				$ **7,286,871**
Gallup Housing Authority (Component Unit)				
U.S. Department of Housing and Urban Development				
Housing Choice Voucher Program		14.871	N/A	$ 193,476
Low Rent Public Housing Program		14.850	N/A	840,761
Public Housing Capital Fund Program	*	14.872	N/A	874,167
Section 8 Moderate Rehabilitation Single Room Occupancy		14.249	N/A	6,461
Total U.S. Department of Housing and Urban Development				**1,914,865**
Total Federal Financial Assistance - Gallup Housing Authority				$ **1,914,865**

* = Denotes major program

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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

City of Gallup		
Federal grant revenue per fund financials	$	5,961,530
Federal expenditures per SEFA		7,286,871
Difference - due to NMED loan	$	(1,325,341)
Gallup Housing Authority (Component Unit)		
Federal grant revenue per fund financials	$	1,914,865
Federal expenditures per SEFA		1,914,865
Difference	$	-

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

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

Note 2 - Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2019.

Note 3 - Subrecipients of the City of Gallup

The organization provided the following federal awards to subrecipients during the year:

City of Gallup

Subrecipient	CFDA Number	Project Number		Amount Provided
McKinley County	16.738	2016-DJ-BX-0901	$	4,500
Total funds provided to subrecipients from the City of Gallup			$	4,500

Gallup Housing Authority (Component Unit)

Subrecipient	CFDA Number	Project Number		Amount Provided
City of Gallup	14.872	NM02P006501-17	$	150,000
Total funds provided to subrecipients from the Gallup Housing Authority			$	150,000

Note 4 - Federal Insurance

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

Note 5 - Indirect Cost Rate

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

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

The Mayor and City Councilors
State of New Mexico, City of Gallup and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, of the City of Gallup (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

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

Purpose of This Report

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

Hinkle + Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM 87102
December 2, 2019

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

The Mayor and City Councilors
State of New Mexico, City of Gallup and
Mr. Brian Colón, State Auditor
State of New Mexico, Office of the State Auditor

Report on Compliance for Each Major Federal Program

We have audited the City of Gallup and the Gallup Housing Authority (collectively referred to as the "City" herein) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Hinkle + Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
December 2, 2019

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued **Unmodified**

Internal control over financial reporting:

a. Material weakness(es) identified? ☐Yes ☒No

b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ☐Yes ☒No

c. Noncompliance material to the financial statements noted? ☐Yes ☒No

Federal Awards

Type of auditor's report issued on compliance for major programs **Unmodified**

Internal control over major programs:

a. Material weakness(es) identified? ☐Yes ☒No

b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ☐Yes ☒No

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a) ☐Yes ☒No

Identification of major programs:

CFDA Number	Name of Federal Programs	Funding Source
14.872	Public Housing Capital Fund Program	U.S. Department of Housing and Urban Development
15.552	Navajo-Gallup Water Supply Project	U.S. Department of the Interior

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ☒Yes ☐No

STATE OF NEW MEXICO
CITY OF GALLUP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Reference #	Finding	Status of Current and Prior Year Findings	Type of Finding*
Prior Year Findings			
2018-001	**COMPLIANCE WITH CITY LIEN POLICY**	**Resolved**	**B, G**
2018-002	**POLICY OVER DELINQUENT CUSTOMER CARE ACCOUNTS**	**Resolved**	**B, G**

Current Year Findings
None

* Legend for Type of Findings

- **A.** Material Weakness in Internal Control Over Financial Reporting
- **B.** Significant Deficiency in Internal Control Over Financial Reporting
- **C.** Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- **D.** Material Weakness in Internal Control Over Compliance of Federal Awards
- **E.** Significant Deficiency in Internal Control Over Compliance of Federal Awards
- **F.** Instance of Noncompliance related to Federal Awards
- **G.** Non-compliance with State Audit Rule, NM State Statutes, NMAC, or Other Entity Compliance
- **H.** Instance of Material Non-compliance

PRIOR YEAR FINDINGS
City of Gallup – None
Gallup Housing Authority – None

CURRENT YEAR FINDINGS
City of Gallup – None
Gallup Housing Authority – None

STATE OF NEW MEXICO
CITY OF GALLUP
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

City of Gallup

An exit conference was held in closed session on December 2, 2019, at the City's offices in Gallup New Mexico. The following individuals were in attendance.

City of Gallup Officials

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

Hinkle + Landers, PC

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Katelyn Constantin	Senior Audit Manager

Gallup Housing Authority (A Component Unit of the City)

An exit conference was held in closed session on October 28, 2019 at the Housing Authority's offices in Gallup, New Mexico. In attendance were the following:

Gallup Housing Authority Officials

Richard F. Kontz	Executive Director
Alfred Abeita	Board Chairman
James Roger Morris	Board Vice-Chair
Selina Paradise	Housing Manager
Telisia Montano	Accountant
Michael Burnside	Maintenance Manager
Stephany Skeets	Accounting Assistant

Hinkle + Landers, PC

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Katelyn Constantin	Senior Audit Manager

CITY OF GALLUP
RESOLUTION NO. R2020-8

A RESOLUTION ACKNOWLEDING AND ACCEPTING THE FISCAL YEAR 2019 AUDIT, FINDINGS AND MANAGEMENT'S RESPONSES FOR CORRECTING THE FINDINGS AND APPLICATION TO THE LOCAL GOVERNMENT DIVISION OF THE NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION FOR THE APPROVAL THEREOF:

WHEREAS, the Governing Body in and for the City of Gallup, State of New Mexico has complied with the annual audit requirements; and

WHEREAS the audit included the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Gallup (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements; and

WHEREAS, the official meeting for the review of said documents were duly advertised on February 7, 2020, in compliance with the State Open Meetings act; and

WHEREAS, it is the majority opinion of this Council that the proposed audit report be accepted and that there are no findings or management responses for Fiscal Year 2019.

NOW THEREFORE, BE IT HEREBY RESOLVED that the Governing Body of the City of Gallup, State of New Mexico hereby adopts the audit report with findings and management responses herein above described and respectfully requests approval from the Local Government Division of the Department of Finance and Administration.

RESOLVED: In session this 11th day of February, 2020.

CITY OF GALLUP, NEW MEXICO

ATTEST:

_____
Alfred Abeita II, City Clerk

_____
Jackie McKinney, Mayor

_____
Linda Garcia, City Councilor

_____
Allan Landavazo, City Councilor

_____
Yogash Kumar, City Councilor

_____
Fran Palochak, City Councilor

PROFESSIONAL SERVICES AGREEMENT
SUMMER DANCE PROGRAM

THIS AGREEMENT, entered into on the ____ day of _____, 2020, by and between the CHAMBER OF COMMERCE, herein called the "Contractor" and the City of Gallup, herein called the "City".

1. **Scope of Work:** Contractor is to provide a Summer Dance Program for the City in the Dance Arena at the Courthouse Square facility for ___ days from Monday, May 25th through _____, 2020. The Contractor will identify, hire, schedule, and pay a variety of Native American dancers or dance groups to perform live on a regular basis. The Contractor shall also select and vet a food vendor for the event. All vendors are responsible for obtaining a vendor license from the City of Gallup. The Contractor shall provide a qualified, articulate Master of Ceremonies to introduce the dance performers; announce the dance activities; gather tourism related statistical information. In addition, the Contractor shall be responsible for providing the necessary support staff (trained volunteers) nightly during the performances in accordance with the dance schedule.

The Contractor will execute a marketing campaign for the Summer Nightly Indian Dances inclusive of social media, digital media, and additional print advertising in addition to the event's annual inclusion in the GallupRealTrue Visitors Guide. The Contractor will actively promote the performance by networking and promotion in partnership with Gallup businesses, local and area attractions related to tourism. A report will be made to the City of Gallup Tourism and Marketing Department in October of 2020, prior to the City Council program that outlines all program expenditures.

The Contractor shall provide an annual report in the form of a computer spread sheet or hard copy report showing the approximate attendance per night, type of attendees (local, domestic and foreign), number of dances performed, Tour Buses, Vendors, Vendor types, etc. The Contractor shall provide this demographic information report to the City of Gallup Tourism and Marketing Office. The Contractor shall provide a year-end assessment to Mayor and Council no later than the second council session in February.

The Contractor shall be in charge of allowing Vendors to sell goods and services in the Courthouse Square facility. The Contractor shall develop a fee schedule, collect, and monitor the Vendors. The Contractor shall responsible for policing the Vendors for adherence to all applicable Federal, State, and City Municipal codes, rules or regulations. The City recognizes that the Contractor will be collecting a fee from the Vendors, and that the Contractor will use those collected funds to further the development or pay the cost of putting on the summer dance program. In the event that any Vendor wishes to receive a reimbursement, it is the financial responsibility of the Contractor to take care of these requests, and hold the City harmless. All vendors are responsible for obtaining a vendor license from the City of Gallup

It shall be up to the discretion of the City's Parks Director or his designee, along with the Contractor to determine a mutual understanding as to how or where certain vendor types shall be located in the Courthouse Square area. It shall be the sole discretion of the City's Parks Director or his designee to ban specific types of vendors if complaints have been substantiated against a Vendor. The Contractor shall ensure that all food Vendors (if any) shall possess and have on hand

a State food handling permit. The Contractor shall ensure that all vendors have a City Business license to sell goods and services.

The Contractor shall provide sufficient documentation (contracts, receipts, 1099's, etc.) to the City's Finance department as to the expenditures of the Lodger's tax monies on the facilities, performers, and performances, or those categories identified in Sections 3-38-15 and 3-28-21, et. seq. NMSA 1978 Comp. (as revised). Any funds not spent at the end of the term shall and must be returned to the City. Original records, receipts and documentation shall be retained for the period years as specified in accordance with the State' financial records retention regulations.

2. **Payment:** The City shall provide a total of _____ thousand dollars ($_____.00 which includes the NM Gross Receipts Tax (NMGRT) in the payments) in Lodger's Tax funds to carry out the Scope of Work of this Agreement. The City shall provide the money in accordance with the following payment schedule:

For a 75 Day program ($55,000)

1.	June 1, 2019	$14,000.00	(PMT INCLUDES GRST)
2.	July 10, 2019	$21,000.00	(PMT INCLUDES GRST)
3.	August 1, 2019	$20,000.00	(PMT INCLUDES GRST)

For a 100 Day Program ($83,000)

1.	June 1, 2019	$14,000.00	(PMT INCLUDES GRST)
2.	July 10, 2019	$50,000.00	(PMT INCLUDES GRST)
3.	August 1, 2019	$19,000.00	(PMT INCLUDES GRST)

The City shall not provide any in-kind services such as office/desk space, telephone or clerical support services. Travel expenses, if any, shall not be reimbursed in accordance with the City's travel policy.

3. **Term:** The term of this agreement shall be from the Date of execution to August 7, 2020. This contract shall not be extended or renewed upon mutual agreement of both parties.

4. **Facilities:** The City shall make available, exclusively during the hours of 6:30 pm to 8:30 pm, to the Contractor all necessary outdoor dance facilities needed to conduct the Scope of Work including the Courthouse Square dance arena, dance pavilion, sound system, and parking area. The City shall be responsible for maintaining the facilities and managing the traffic during the summer dance performances. The Contractor shall be given use of the City's Public Announcement (PA) System at the Courthouse Square dance arena during the dance performances. The Contractor recognizes that it is their sole responsibility for the care and use of the equipment before, during and after the performances. Therefore, any equipment lost, stolen, misplaced, or damaged shall be replaced with equivalent, or better hardware; by the Contractor.

5. **Termination:** This Agreement may be terminated without cause by either of the parties hereto upon written notice delivered to the other party at least thirty (30) days prior to the intended date of termination. By such termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination.

This Agreement shall be terminated for "cause" should the Contractor fail to fulfill any obligation resulting from this Agreement in a timely and responsive manner, or if the Contractor violated any terms of this contract, the City shall have the right to cancel the contract by upon written notice delivered to the Contractor.

In the event this Agreement is terminated prior to the full term of the Agreement or subsequent renewal period, the Contractor shall return to the City any unexpected City funds within thirty (30) days. If deemed necessary by the City, the Contractor shall be subject to an audit conducted by an independent Certified Public Accountant selected by the City at the City's expense.

6. **Status of Contractor:** The Contractor or its agent(s), and/or its employee(s) are independent contractors performing professional services for the City and are not employees of the City. The Contractor or its agent(s), and/or its employee(s) shall not accrue leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement. Neither shall the City be liable to the Contractor nor its Agents, nor their estate for any injury to person or property incurred in the course of the performance of this Agreement unless such injury shall have directly and proximately resulted from grossly negligent or reckless conduct on the part of the City or its Agents acting within the scope of their employment and official duties.

7. **Status of Performers and Vendors:** The City shall consider the dancers, dance groups, performers, or vendors as "agent(s)" for the Contractor. As such, the status shall be considered the same as the Contractor, as described in Paragraph 6. In any event, the Contractor shall hold harmless the City from any of its subcontractors or financial obligations. Neither shall the City be liable to the Contractor nor its subcontractors, nor their estates for any injury to person or property incurred in the course of the performance of this Agreement unless such injury shall have directly and proximately resulted from grossly negligent or reckless conduct on the part of the City or its Agents acting within the scope of their employment and official duties.

8. **Indemnity:** The Contractor shall indemnify and hold harmless the City, its officers and employees, against liability, claims, damages, losses or expenses arising out of bodily injury to person's or damage to property caused by, or resulting from, contractor's and/or its employee(s) performs or fails to perform its obligations and duties under this Agreement. The City shall indemnify and hold harmless the Contractor for any negligent acts by City employees. The City's liability shall be limited by the provisions of the New Mexico Tort Claims Act Section 41-4-1, et seq. NMSA 9178 comp. (as revised)

9. **Assignment:** The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of the City.

10. **Subcontracting:** The Contractor may subcontract any portion of the services to be performed under this Agreement. Any subcontract under this Agreement in excess of $4,000 must be approved by the City.

11. **Records and Audit:** The Contractor shall maintain financial and personnel records. The expenditures made under this Agreement will be invoiced in accordance with Contractor's fiscal management system. The Contractor's representative shall brief the City on a monthly basis and give a final report on all relevant aspects of this Agreement.

12. **Appropriations:** The terms of this Agreement are contingent upon sufficient Lodgers' Tax monies being made available by the City of Gallup for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the City of Gallup, this Agreement shall terminate upon written notice being given by the City to the Contractor. The City in its sole discretion will determine if sufficient appropriations are available for funding and its decision shall be accepted by the Contractor and shall be final.

13. **Release:** The Contractor, upon final payment of the amount due under this Agreement, releases the City, its officers and employees, and City of Gallup from all liabilities, claims and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the City of Gallup to any obligations not assumed herein by the City of Gallup, unless the Contractor has expressed written authority to do so, and then only within the strict limits of that authority.

14. **Confidentiality:** Any information given to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the City.

15. **Conflict of Interest:** The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

16. **Amendment:** This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto.

17. **Scope of Agreement:** This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto concerning the subject matter hereof, and all such covenants, agreements or understandings have merged into this written Agreement. No prior agreement of understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement. And no subsequent agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless incorporated by way of amendments as described in Paragraph 16.

18. **Notice of Procurement Code:** The Procurement Code of the City of Gallup imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities, and kickbacks.

19. **Equal Opportunity Compliance:** The Contractor agrees to abide by all the Federal and State laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, the Contractor agrees to assure that no person in the United States shall, on the ground of race, color, national origin, sex, sexual preference, age or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under, any program or activity performed under this Agreement. If the Contractor is found to be not in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct these deficiencies.

20. **Insurance:** Contractor shall provide a certificate of insurance which includes proof of Worker's Compensation, and general liability. The City currently provides liability insurance for its public facilities. However, the contractor shall provide insurance coverage over and above during the nightly event performances, where ever the performances are held on City property. As with the City's event permits, the Contractor shall provide a Certificate of Liability with the City named as an additional insured in the amount currently established.

21. **Applicable Law:** This Agreement shall be governed by the laws of the State of New Mexico; Lodgers' Tax Act Sections 3-38-13 through 3-38-24, et. seq. NMSA 1978 comp. (as revised); and the ordinances of the City of Gallup, including the City's Financial Disclosure Ordinance C2005-11.

22. **Renewal:** The City shall have the option to renew this contract for one (1) additional one (1) year period upon thirty (30) days written notice from the City to Contractor.

23. **Waiver of Contractual Right:** The failure of either party to enforce any provision of this Agreement shall not be construed a waiver of that party's right to subsequently enforce and compel strict compliance with very provision of this Agreement.

24. **Severability:** If any provision of this agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this agreement in invalid or unenforceable, but that by limited such provision it would become valid or enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.

25. **Notice:** All notices, requests, demands or other communications required or desired to be made or given hereunder or in connection herewith shall be in writing and shall be deemed to be duly given if delivered in person or mailed by certified or registered mail, postage prepaid, to the parties at the following addresses, or to such other addresses as may from time to time be designated by the parties by written notice in the manner herein provided:

City of Gallup: Purchasing Director
City of Gallup
P.O. Box 1270

Gallup, New Mexico 87305-1270

Provided: Chamber of Commerce
103 West Highway 66
Gallup, NM 87301

26. **Force Majeure:** Neither party shall be liable for any loss nor damage due to causes beyond its control, including fire, explosion, lightning, pest damage, power surges or failures, strikes or labor disputes, water, acts of God, the elements, war, civil disturbances, acts of civil or military authorities or the public enemy, inability to secure raw materials, transportation facilities, fuel or energy shortages, acts or omissions of communication carriers, or other causes beyond that party's control. Wither party may terminate this Agreement immediately upon written notice if the other party is prevented from performing its obligations under this Agreement for a period of more than thirty (30) days due to the reasons set forth in this subsection.

IN WITNESS THEREOF, the parties hereto have read, understood and accept the terms aforementioned and executed this Agreement on the date set forth in the first paragraph hereof.

CHAMBER OF COMMERCE:

By: _____
Bill Lee, Chamber Director

By: _____
Teri Garcia, Board Chair

CITY OF GALLUP:

By: _____
Jackie D. McKinney
Mayor

Attest:

_____
Alfred Abeita, City Clerk

ORDINANCE NO. C2020-_____

AN ORDINANCE AMENDING THE BUSINESS IMPROVEMENT DISTRICT ACT TO PROVIDE FOR PERFORMANCE-BASED FUNDING OF THE BID THROUGH CITY MATCHING FUNDS, TO ESTABLISH TIMETABLES FOR COMPLIANCE WITH STATUTORY MANDATES, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Gallup created a Business Improvement District (BID) in 2009, extended it in 2013 and 2018 pursuant to NMSA 1978 Section 3-63-15; and

WHEREAS, the Business Improvement District serves the purpose of promoting and restoring the economic viability of the downtown area that is within the Business Improvement District Overlay; and

WHEREAS, the Business Improvement District serves the purpose of providing the City and businesses a proactive vehicle to collaborate in revitalization efforts within the district; and

WHEREAS, revitalization of the area within the district promotes the general welfare of the entire City;

WHEREAS, the City Council has reviewed the annual report of its activities and budget that was submitted to the Council at its November 12, 2019 meeting; and

WHEREAS, the Council has reviewed the petition submitted by a number of property and business owners within the BID District, the public comments made at the November 12 and December 10, 2019 council meetings; and the presentation by the City Manager at the December 10 meeting; and

WHEREAS; the City Council voted at the December 10, 2019 to continue management and oversight of the BID under the existing BID Board and to amend the existing BID ordinance to mandate compliance with the specific requirements set forth the New Mexico statute enabling the creation of BID Districts;

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GALLUP, NEW MEXICO, that Section 10-2-B-d-ii of the Gallup City Code be amended as follows:

10-2-B-d-ii Business Improvement District (BID) Overlay

The purpose of the Business Improvement District (BID) Overlay is to define the area subject to Business Improvement District Ordinance (Gallup City Code Title 3, Chapter 2F).

10-2-B-d-ii-A District Specific Standards

1. The Business Improvement District is an assessment district and does not have district specific design standards or use regulations.

2. The BID area shall consist of boundaries being Historic Route 66 Avenue on the north, Hill Avenue on the south, the West Y on the west, and Cliff Street on the east. Incorporated herein as Figure 10-2-16 is a map defining the exact boundaries of the BID overlay.

BE IT FURTHER ORDAINED THAT THE REMAINDER OF THE BUSNESS IMPROVEMENT DISTRICT ORDINANCE BE AMENDED AS FOLLOWS AND RECODIFIED as Gallup City Code Title 3, Chapter 2, Article F:

3-2F-1: **SHORT TITLE:** This Article may be referred to as the *BUSINESS IMPROVEMENT DISTRICT ORDINANCE.*

3-2F-2: **PURPOSE:** The purpose of the Business Improvement District Ordinance is to:

A. promote and restore the economic vitality of the area within the Business Improvement District (BID) by creating a district to provide for the administration and financing of additional and extended services to businesses within the district;
B. finance local improvements within the BID; and
C. provide the City and entrepreneurs a more flexible and proactive vehicle to collaborate in revitalization efforts in the District.

3-2F-3: **DEFINITIONS**: As used in the Business Improvement District Act:

A. "business" means a fixed place of business where one or more persons are employed or engaged in the purchase, sale, provision or manufacturing of commodities, products or services, and includes the ownership of unoccupied real property that is held for commercial investment purposes, for sale or for lease;
B. "council" means the Gallup City Council;
C. "improvement" means any one or any combination of services or projects in one or more locations authorized pursuant to the Business Improvement District Ordinance;
E. "management committee" means the district management committee as established pursuant to the Business Improvement District Ordinance;
F. "member" means any real property or business owner that is located within the district's geographic boundaries and includes "friends of the BID; and
G. "real property" means real property that is used to engage in the purchase, sale, provision or manufacturing of commodities, products or services and unoccupied real property that is held for commercial investment purposes, for sale or for lease.

3-2F-4: **MANAGEMENT COMMITTEE; CREATION; DUTIES:**

A. The BID shall be administered by a seven (7) person management committee appointed by the City Council from nominees submitted by the members of the BID. Two (2) representatives from the City appointed by the Mayor with the approval of the Council

shall serve as ex-officio, non-voting members. The voting members of the management committee shall serve initial terms of three (3) years beginning on January 1, 2019 with five (5) of those members continuing to serve two (2) additional years. Thereafter, terms shall be for a period of four years. A new member appointed to fill the vacancy of a member with an unexpired term will serve the remainder of the unexpired term. City members shall serve at the pleasure of the Mayor.

B. The management committee shall be a nonprofit corporation that is incorporated pursuant to the New Mexico Nonprofit Corporation Act. A nonprofit corporation created pursuant to Subsection A of this section shall comply with the applicable requirements of that act.

C. The management committee shall be responsible for the operation of the BID and shall administer all improvements within the district. Unless the management committee is replaced by an existing non-profit organization pursuant to Subsection E of this section, the by-laws and any amendments thereto are subject to the approval of the council.

D. The management committee shall hold a meeting at least annually, on or before March 1, of the members of the BID for the purpose of obtaining input from the members concerning the projects and improvements to be submitted to the council for its approval. Notice of such meeting shall be mailed to each member at least thirty (30) days prior to the meeting. The Executive Director of the BID shall individually contact and communicate with each owner of real property within the district to obtain input regarding the projects and improvements to be submitted to the council for approval. The Executive Director shall also send a monthly communiqué or newsletter to all members of the BID.

E. Should the council exercise its authority to terminate the management committee pursuant to Section 6 of this ordinance, the council shall appoint an existing downtown, community or central business district revitalization nonprofit corporation that operates within the boundaries of the district, to assume the position of management committee to administer and implement the business improvement district plan.

3-2F-5: **DISTRICT BENEFIT FEE ASSESSMENT:**

A. The BID shall assess a business improvement benefit fee on any real property or business located within the district. The district benefit fee assessment schedule shall not include:
   (1) governmentally owned real property;
   (2) residential real property that is not multifamily residential rental property with at least four units or homeowners associations of multifamily ownership properties;
   (3) real property owned by a nonprofit corporation; or
   (4) residential real property, located within an existing district, that became eligible for a business improvement benefit fee assessment after the district was created, unless the ordinance that created the district is amended to include the new business or property after notice is provided and a hearing is held in accordance with NMSA §3-63-10.

B. Each tract of real property within the BID overlay shall be subject to annual property

assessments in the amount of one (1) percent of the assessed value for said property under the 2006 real property tax assessment of said property as shown by the assessment of said property done by the McKinley County assessor's office. Said assessments shall be mailed to each property owner within the BID overlay semiannually the last week of each February and August with one-half (1/2) of the total annual assessment being due and payable to the City of Gallup on or before March 10 and September 10 of each year respectively. Should any property owner fail to remit the assessment when due, the unpaid amount shall constitute a lien on the subject property which may be foreclosed upon by the City as provided by NMSA 1978 Chapter 3, Article 36. The office of the City Clerk shall prepare and mail out the BID assessments. The office of the City Clerk shall collect all payments received for BID assessments from the subject property owners and remit said funds to the City finance department.

C. The aforementioned assessment shall be based on the 2006 valuations through the end of Fiscal Year 2021.The real property tax year that the BID assessments are based on shall be re-determined by the council on or before April 30, 2021 and biennially thereafter on or before April 30 of each subsequent two (2) year period.

D. The City shall segregate the BID assessment payments and its matching funds in a separate account to be used solely for BID purposes. Disbursements of assessments collected by the City and any matching funds provided by the City shall be made to the BID during the months of January and July.

E. The assessments made on commercial property within the BID overlay may be passed on by the subject property owners to their individual commercial tenants in an amount not to exceed seventy-five (75) percent of the total annual fee. If a subject property owner elects to pass on said portion of the BID annual assessment fee he shall notify in writing the City Clerk on or before February 20 of each year that the tenant shall be paying a portion of fee and the City Clerk shall send duplicate assessments to both the designated tenant and owner. Should the tenant fail to remit the assessment fee in a timely manner, the City Clerk shall notify the subject property owner in writing of said failure to remit and the subject property owner shall remit the full amount of the assessment fee to the City Clerk within thirty (30) days of the mailing of the notice or the subject property shall have a lien placed upon it for collection.

F. The BID is authorized to apply for and receive monetary grants from any source to supplement its funds generated by assessments and City matching funds.

3-2F-6: **BID DISTRICT PLAN; ANNUAL PERFORMANCE REVIEW; CITY MATCHNG FUNDS; REPLACEMENT OF MANAGEMENT COMMITTEE**

A. On or before March 30, 2020, and within sixty (60) of the adoption of an ordinance re-authorizing the BID pursuant to Section 10, the management committee of the BID shall submit to the council for its approval a five-year plan for BID operation which shall

include a list of proposed projects to be undertaken by the BID, the improvements to be made by each BID project, the estimated amount of benefit that each tract of real property within the BID shall have conferred upon it by the BID project, a legal description of each property to be assessed within the BID overlay along with the physical address of each property and the mailing address of the property owner as shown on the records of the McKinley County assessor's office, and the amount of the initial assessment on each subject property within the BID district. No BID project or program may duplicate services, projects, or services of the City. The council may approve the five-year plan as submitted, or may amend the plan. The five-year plan, as approved by the council, shall be incorporated into a special ordinance which shall include: a list of improvements to be provided by the district, the amount of benefit estimated to be conferred on each tract or parcel of real property, a description of the real property or businesses to be assessed a business improvement benefit fee, and the amount of the assessment to be imposed on each real property owner.

B. Annually, on or before March 30, the management committee shall submit to the council for its approval, a budget proposal for the next fiscal year. The budget proposal shall include any recommended changes to the five-year plan, include a list of proposed projects to be undertaken by the BID, the improvements to be made by each BID project, and the estimated amount of benefit that each tract of real property within the BID shall have conferred upon it by the BID. It shall also include recommendations for projects and improvements made to the BID management committee or the Executive Director by the members of the BID. The council may approve the budget as submitted, or may amend the budget.

C. Subject to the provisions of Subsection E of this Section, the council may match the revenue raised by the BID assessments up to a dollar for dollar match. The City shall not charge against its matching funds more than ten percent (10%) of its annual match as in-kind services for administering the BID funds and providing other support to the BID. The City shall disburse the revenues collected as BID assessments plus the City's match (less the administrative fee) to the BID management committee during the month of January for the first half-year assessments and July for the second half-year assessments.

D. Annually, on or before August 15, the management committee shall submit to the council for its review, a progress report detailing the projects administered by the BID during the previous fiscal year. The progress report shall include a complete set of financial statements setting forth the BID's assets, liabilities, income, operating expenses, and detailing the benefits conferred by the BID projects to the individual property and business owners located within the BID district.

E. On or before September 30, the council shall review the progress report and determine by council action the amount the City will match the revenue received from benefit fees assessed to property and business owners. The council may terminate the existing BID

management committee and appoint an existing downtown, community or central business district revitalization nonprofit corporation that operates within the boundaries of the district to assume the position of management committee to administer and implement the business improvement district plan.

3-2F-7: **ISSUANCE AND SALE OF BONDS:**

A. Upon recommendation of the management committee, the council may issue business improvement district revenue bonds from time to time in its discretion to finance the undertaking of any improvement within the district or the exercise of any power, authorized or delegated to the City under the Business Improvement District Act, including but not limited to the issuance of bonds to pay the costs of installation, acquisition, construction or reconstruction of any public facility within the district's area of operation. The council may also issue refunding bonds for the payment or retirement of bonds previously issued by it pursuant to this section. These bonds shall be made payable as to both principal and interest solely from the income, proceeds, revenues and funds of the City of Gallup derived from or held in connection with its undertakings and carrying out of authorized improvements within the district or activities under the Business Improvement District Act. Payment of these bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant or contribution from the federal government or other source in aid of any improvements within a district under the Business Improvement District Act and by a mortgage or pledge of any of the real property acquired within the district or otherwise pursuant to the authority granted to the City by the Business Improvement District Act.

B. Bonds issued pursuant to this section shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction and shall not be subject to the provisions of any other law or charter relating to the authorization, issuance or sale of bonds. Bonds issued pursuant to this section are declared to be issued for an essential public and governmental purpose and the bonds and interest and income from them shall be exempted from all taxes.

C. Bonds issued pursuant to this section shall be authorized by ordinance of the council if the authorization and planned issuance of the bonds was included in an improvement approved by the council and may be issued in one or more series and shall bear a date or dates, be payable upon demand or mature at a time or times, bear interest at a rate or rates not exceeding the legally authorized rate, be in a denomination or denominations, be in the form provided by the Supplemental Public Securities Act as to registration, have rank or priority, be executed in a manner, be payable in a medium of payment at a place or places, be subject to the terms of redemption, with or without premium, be secured in a manner and have the other characteristics as may be provided by the resolution or trust indenture or mortgage issued pursuant thereto.

D. The bonds or any portion of the bonds may be sold at not less than par at public sales held after notice published prior to the sale in a newspaper having a general circulation in the district's area of operation and in any other medium of publication as the council may determine. The bonds may be exchanged for other bonds on the basis of par. The bonds may be sold to the federal government or to the state at private sale at not less than par, and, in the event less than all of the authorized principal amount of the bonds is sold to the federal government or to the state, the balance may be sold at private sale at not less than par at an interest cost to the City of Gallup of not to exceed the interest cost to the City of the portion of the bonds sold to the federal government.

E. In case any of the public officials of the City of Gallup whose signatures appear on any bonds or coupons issued under the Business Improvement District Act shall cease to be public officials before the delivery of the bonds, the signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if the officials had remained in office until delivery. Any bonds issued pursuant to this section shall be fully negotiable.

F. In any suit, action or proceeding involving the validity or enforceability of any bond issued pursuant to this section or the security therefor, any bond reciting in substance that it has been issued by the City of Gallup in connection with authorized improvements within the district shall be conclusively deemed to have been issued for that purpose, and the project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Business Improvement District Act.

3-2F-8: **FRIENDS OF THE BID**: Commercial property owners adjacent to the BID overlay boundaries shall be allowed to be included in BID projects as a "friend of the BID" if they submit a written request to the BID management committee and pay the full amount of property assessment required of property owners within the BID overlay boundaries. Any property owner who becomes a "friend of the BID" must remain subject to the BID property assessment for a minimum of five (5) years. All provisions of this section which apply to BID overlay property owners shall be binding on a "friend of the BID."

3-2F-9: **INTERPRETATION OF AUTHORITY**: It is the intention of the council to authorize the broadest discretion in the BID management committee to accomplish its goals, limited only by the express terms of the Business Improvement District Act and this Ordinance.

2-2F-10**: BID TERM; DISTRICT REVIEW; EXPIRATION OF THE BID ORDINANCE:** The business improvement district that was created by Ordinance C2018-15 shall remain in existence until December 31, 2023. Prior to that date, and prior to the issuance of business improvement district revenue bonds, the council shall review the BID and determine if it shall remain in existence. The BID Ordinance will expire automatically on that date unless affirmatively extended by a majority vote of the council. If a majority of the council decides

that the purpose for which the district was created has been served and that it is in the best interest for the district, the council shall terminate the district's status by ordinance or resolution and record this with the municipal clerk. If upon termination of a district's status there is an outstanding revenue bond obligation, the municipality shall continue to assess the business improvement benefit fee for the life of the outstanding bond.

3-2F-11: **SEVERABILITY:** If any portion of this article is found to be invalid or unconstitutional by any court of competent jurisdiction, such finding shall not affect the validity of the remaining portions of the article.

Effective Date: This Ordinance shall become effective thirty (30) days after its publication as provided by law.

PASSED, ADOPTED AND APPROVED this 11th day of February, 2020.

CITY OF GALLUP, NEW MEXICO

By: _____
Jackie McKinney, Mayor

ATTEST:

_____
Alfred Abeita II, City Clerk

Motion made by:_____

Seconded by:_____

Vote:
Mayor McKinney ___
Councilor Garcia ___
Councilor Landavazo ___
Councilor Kumar ___
Councilor Palochack ___

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ALUMINUM SHEETING GUIDE

A DIVISION OF:
TRINITY SHORING PRODUCTS, INC.

Aluminum Sheeting Guide

Designed by GME, the Aluminum Sheeting Guide is an aluminum panel component system intended for use with rubber tired backhoes and lightweight excavators.

Features:

- 6061-T6 aluminum construction
- 2-, 3-, and 4-sided configurations
- Multiple panel lengths
- Depth rating of 10' in C-60 soils
- Up to 96" of vertical clearance under the panels*

By incorporating the aluminum interlocking sheet pile, sheet stoppers, support post, spreaders and corners, the Aluminum Sheeting Guide is able to solve the job-site problem of how to shore around existing and crossing utilities, while providing crews with a safe working environment.

The Aluminum Sheeting Guides also features the *exclusively unique* GME keyed locking pins. A pin that requires no keepers to safely use. Saving users both time and money in assembly and lost parts.

If you have an upcoming project and would like to see how GME can assist you, or if you would like more information about GME and our products, please feel free to contact us at 800.248.2054 or on the web at www.gme-shields.com.

*Contingent upon soil conditions

ASG Panel

Available in 8' and 10' lengths by 2' tall, the ASG Panel, when used in a 4-sided configuration, provides an internal safe working space up to 10'6" square! Constructed of 6061-T6 Aluminum the ASG Panels are light enough (10' panels weigh 375 lb.) to easily be handled by rubber tired backhoes.

ASG Corner

Specifically designed for the Aluminum Sheeting Guide, the ASG Corner incorporates a similar connection as the Lite-Shield 24™ using the same keyed locking pins.

ASG Support Post

Serving a dual role, the ASG Support Post acts as a system support tool as well as an attachment point for the guard rail system. Keeping the system both stable and secure.

Interlocking Aluminum Sheet Pile

The Interlocking Aluminum Sheet Pile, designed solely for use with the Aluminum Sheeting Guide, is extruded from 6061-T6 Aluminum. Available in 13' sheet lengths, this strong, lightweight (48 lbs. per sheet) aluminum sheet pile also features a removable sheet driving cap.

Job site photos are strictly intended for general product information only and may not comply with all applicable safety standards. Always refer to manufacturers' specific tabulated data, O.S.H.A. 29 CFR 1926 Subpart P for excavations, and all applicable safety standards prior to each use.

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1015ASG

Tabulated Data

Aluminum Sheeting Guide (ASG)

February 2016

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594 Mendon Road, Union City, MI 49094
(800) 248-2054 Fax: (517) 741-7483

CAUTION

EXCAVATION PROCEDURES MAY CAUSE INJURY OR DEATH!

A *COMPETENT PERSON* WHO SATISFIES THE DEFINITION AND INTENT OF THE 1926 CONSTRUCTION STANDARD SUBPART P EXCAVATIONS SHALL: ENSURE THAT ALL EMPLOYEES ARE WORKING IN SAFE CONDITIONS AND THAT ALL EMPLOYEES HAVE BEEN TRAINED IN CORRECT EXCAVATION PROCEDURES AND THE PROPER USE OF THE PROTECTIVE EQUIPMENT CHOSEN.

EXCAVATIONS AND PROTECTIVE EQUIPMENT SHALL BE INSPECTED A MINIMUM OF ONCE EACH WORKING DAY AND WHENEVER THERE IS A CHANGE IN THE SOIL CONDITIONS AND/OR OTHER CHANGES SUCH AS AN INCREASE OR DECREASE IN WATER OR VIBRATIONS.

EMPLOYEES SHALL NOT BE ALLOWED TO ENTER AN EXCAVATION THAT IS NOT PROPERLY SHORED, SHIELDED, OR SLOPED.

EMPLOYEES SHALL ALWAYS ENTER, WORK, AND EXIT WITHIN THE SHORED, SHIELDED, OR SLOPED AREAS OF THE EXCAVATION AND/OR TRENCH.

ALL LIFTING AND PULLING EQUIPMENT, INCLUDING CABLES, SLINGS, CHAINS, SHACKLES AND SAFETY HOOKS SHALL BE INSPECTED FOR DAMAGE OR DEFECTS PRIOR TO USE AND SHALL BE EVALUATED FOR SUITABILITY AND CAPACITY.

THIS GME TABULATED DATA PROVIDES A GENERAL SET OF GUIDELINES TO ASSIST THE *COMPETENT PERSON* IN THE SELECTION OF A PROTECTIVE SYSTEM FOR EMPLOYEE SAFETY. THE RESPONSIBILITY FOR JOB SITE SAFETY AND THE PROPER SELECTION, INSTALLATION AND REMOVAL OF THE SHORING EQUIPMENT BELONGS TO THE *COMPETENT PERSON* DESIGNATED FOR THAT JOBSITE. THIS TABULATED DATA IS NOT INTENDED TO BE USED AS A JOB SPECIFIC EXCAVATION/TRENCHING SAFETY PLAN, BUT SHALL BE USED BY THE *COMPETENT PERSON*. TABULATED DATA IS INTENDED AS A SUPPLEMENT TO HIS/HER TRAINING, EXPERIENCE AND KNOWLEDGE OF SAFE PROCEDURES, JOB SITE CONDITIONS AND SOIL TYPES. TABULATED DATA IS INTENDED TO ASSIST HIM IN THE SELECTION OF AN APPROPRIATE PROTECTIVE SYSTEM FOR EMPLOYEE SAFETY.

ALUMINUM SHEETING GUIDE
TABULATED DATA

GENERAL:

1. This data has been prepared by a Registered Professional Engineer as required OSHA standard 29 CRF, Part 1926, Subpart P, Excavations.

2. This data is to be used by the "competent person" for the proper use and **placement** of the Aluminum Sheeting Guide components.

3. "Competent person" is one who is capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to employees, and who has authorization to take prompt corrective measures to eliminate them.

4. When there is a discrepancy concerning the use of protective systems between this tabulated data and the OSHA standard, this data shall take precedence. Any topic not covered by this data shall be governed by the OSHA standard.

5. GME shall not be liable for damage or injury resulting from improper use of the Aluminum Sheeting Guide. Improper use of or modifications to the structural components not specifically authorized by GME without the written consent of GME shall void this data and all manufacturers' warranty.

SPECIFICATIONS FOR USE OF THE ALUMINUM SHEETING GUIDE

1. All personnel involved with the use of the Aluminum Sheeting Guide shall be trained in the proper use and installation procedures and other applicable safety requirements.

2. The Aluminum Sheeting Guide shall be used only in soil conditions indicated in this data.

3. Refer to the installation procedures for typical installation figures.

4. The system shall be installed in a manner to prevent lateral or otherwise hazardous movement. It is imperative that active soil pressure is applied to the frame prior to driving sheeting elements.

5. Approved GME struts for the Aluminum Sheeting Guide shall include:

   LSS-1, LSS-2, LSS-2.5, LSS-3, and the ASG adjustable Strut 90-in to 126-in.

ALUMINUM SHEETING GUIDE
TABULATED DATA

SPECIFICATIONS FOR USE OF THE ALUMINUM SHEETING GUIDE CON'T

6. The struts shall not be used to support side loading, nor shall the system be lifted, pulled or moved by the struts. The system shall be installed and extracted by the lifting eyes provided by the manufacturer. Struts are not designed to support vertical loads and shall not be used to provide access or egress to the trench. Two struts are required at each opened end of the assembly in two sided or three sided applications.

7. This data is valid for Aluminum Sheeting Guide components in structurally sound condition. Any significant damage will void this data, and all manufacturers' warranty. The damaged components shall not be used.

8. The Aluminum Sheeting Guide may be utilized by replacing the struts with an additional guide in a three or four-sided configuration. ASG Corner Connectors shall be used in these configurations.

9. The maximum length of the Aluminum Sheeting Guide shall not exceed 120-in.

SOIL CLASSIFICATION

1. See the OSHA regulations for descriptions of Type A, B, and C soils.

2. Type C-60 soil is a soft cohesive or moist granular soil that is not flowing or submerged. This soil can be cut vertically and will stand long enough to safely install the protective system.

NOTES FOR TABULATED DATA

1. The Maximum Excavation Depth for the Aluminum Sheeting Guide is indicated in Table (1.1) and Table (1.2).

2. The geometric constraints for placement of the Aluminum Sheeting Guide are shown in Figure (1.1) and Figure (1.2).

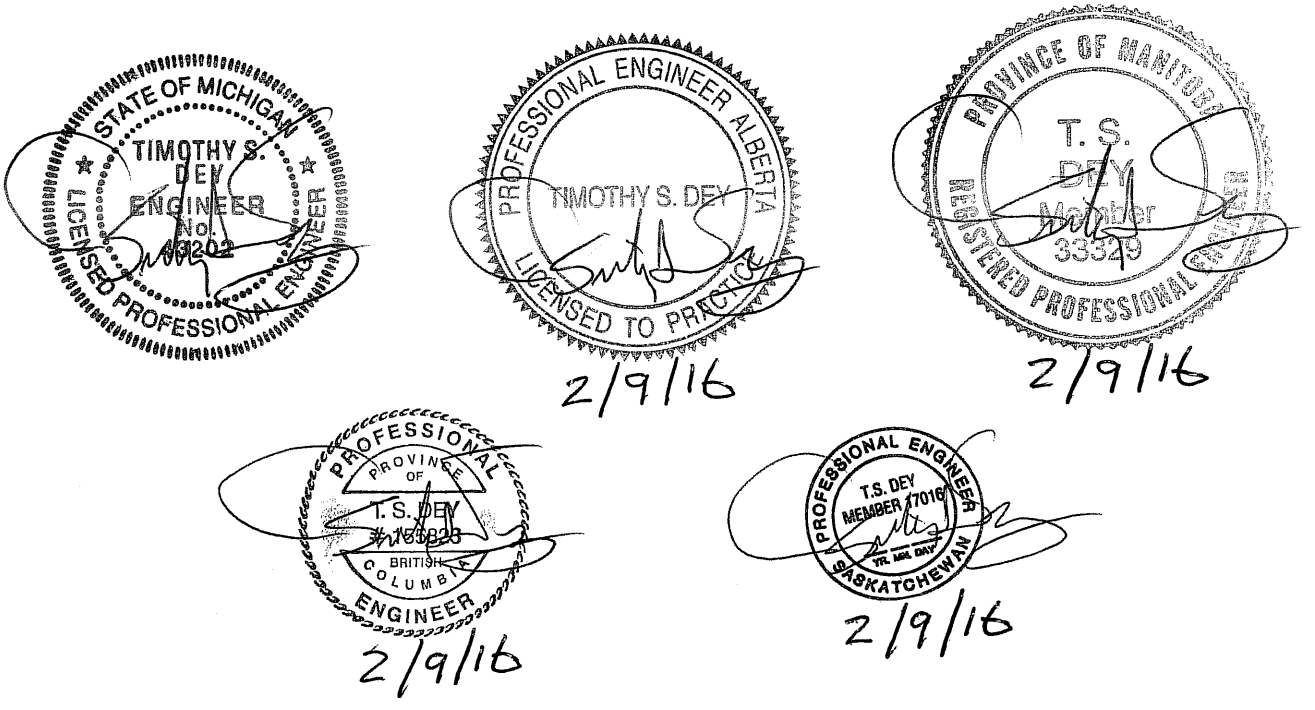
3. Sheeting shall extend a minimum of 18-in above the Aluminum Sheeting Guide if it is utilized in conjunction with sloping and benching.

ALUMINUM SHEETING GUIDE
TABULATED DATA

NOTES FOR TABULATED DATA CON'T

4. Surcharge loads are not included in the maximum depth tables. Surcharge loads are possible due to heavy equipment, vibrations, or soil piles adjacent to the trench. (Adjacent is defined as within a distance equal to the depth of the trench.)

5. When required clearance exceeds 60-in below the bottom strut, the sheeting elements shall be driven a minimum of 24-in into the bottom of the excavation as shown in Figure (1.2). Soil shall have sufficient strength and stability to provide adequate support at the bottom of the excavation.



ALUMINUM SHEETING GUIDE
TABULATED DATA

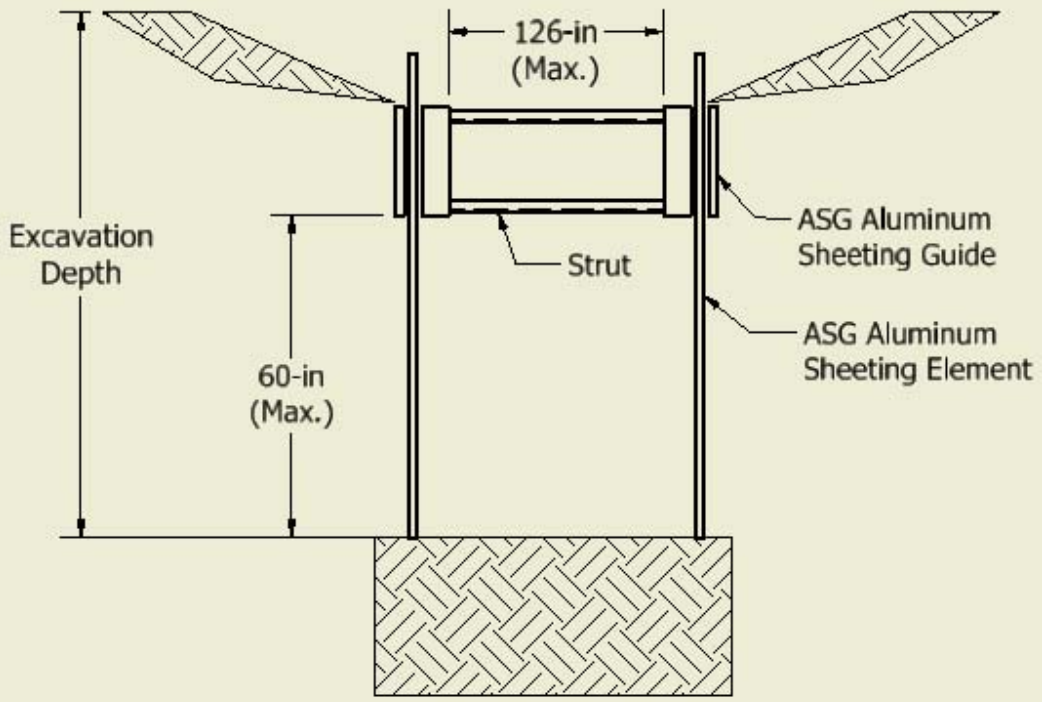


Figure (1.1)

ASG Maximum Excavation Depth Table (1.1)			
Soil Type			
A	B	C-60	C-80
24-ft	13-ft	10-ft	7-ft

ALUMINUM SHEETING GUIDE
TABULATED DATA

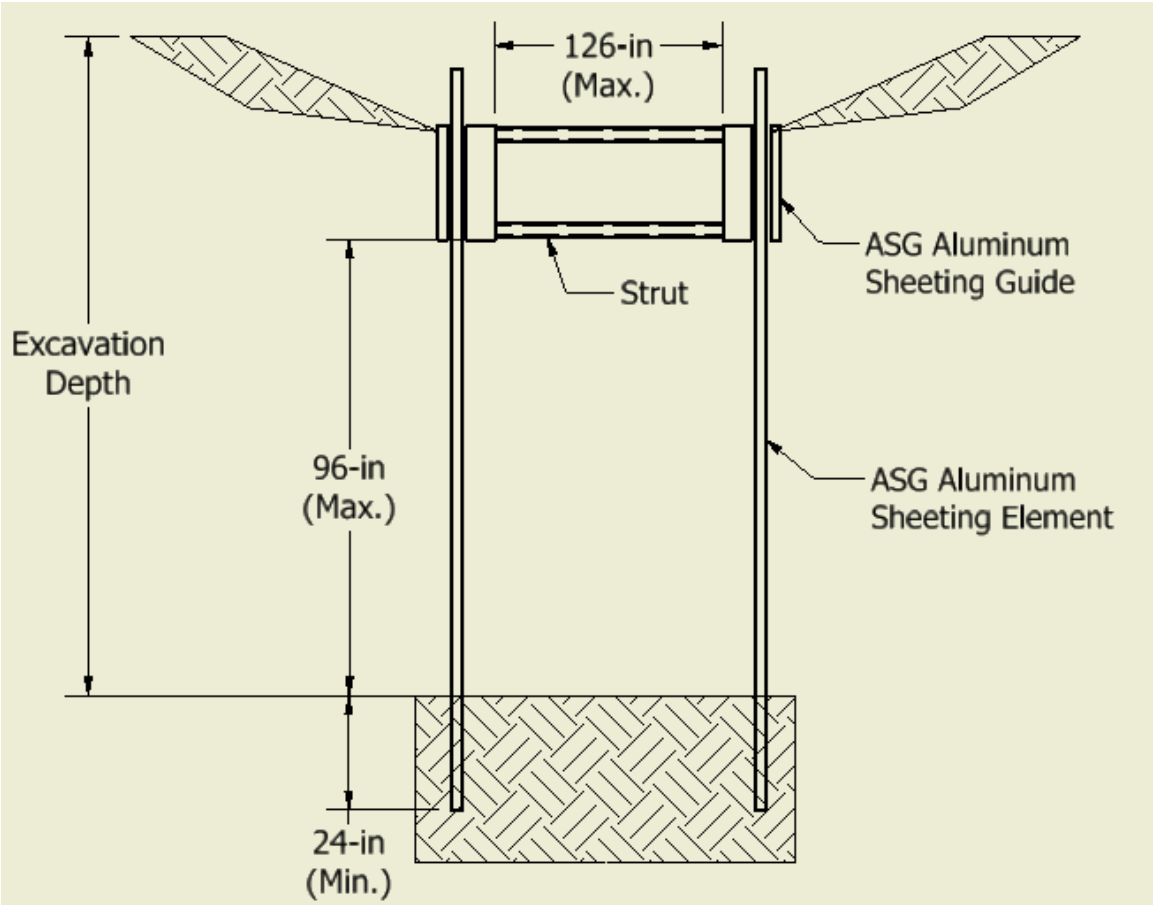


Figure (1.2)

ASG Maximum Excavation Depth Table (1.2)			
Soil Type			
A	B	C-60	C-80
24-ft	13-ft	10-ft	NA

ASG (Aluminum Sheeting Guide)
4-Sided Installation

Step 1. Mark or designate excavation area. Note, inside dimension of excavation is 6” more than panel length. Example, if using 10’ long ASG panels, excavation will need to have a 10’6” wide internal dimension.

Step 2. Near excavation area, stand up & connect one panel to two corner posts, securing it from falling down.

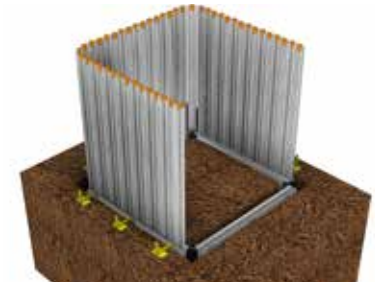
Step 3. Pin in an additional panel to create an “L”.

Step 4. Pin in another panel to the “L” system to create a “U”.

Step 5. On remaining panel, connect remaining two corner posts. With aid of a machine, connect remaining panel\posts combination to the “U” system. Check for squareness.

Step 6. Dig 1’-2’ pilot cut on perimeter of excavation area. With excavation taking place, attach ASG support post.

Step 7. Lift and install complete ASG System into pre-dug pilot cut, allowing ASG support system to rest at or just above ground level.



Step 8. Install the <u>NEW</u> **GME** overlapping aluminum sheet pile, with sheeting cap. Dig and push

Step 9. With excavation at or near grade, attach guard rail posts.

Step 10. At grade, attach lumber to guard rail posts.

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ASG (Aluminum Sheeting Guide)
3-Sided Installation

Step 1. Mark or designate excavation area. Note, inside dimension of excavation is 6” more than panel length. Example, if using 10’ long ASG panels, excavation will need to have a 10’6” wide internal dimension.

Step 2. Near excavation area, stand up & connect one panel to one corner post, securing it from falling down.

Step 3. Pin in an additional panel to create an “L”.

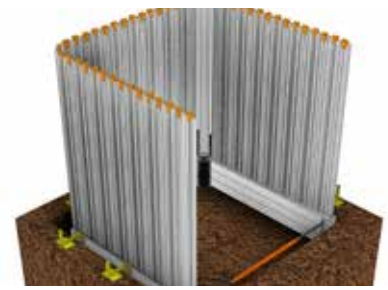
Step 4. Connect remaining corner post to remaining panel.

Step 5. With aid of a machine, connect panel\post combination to the “L” system, creating a “U”.

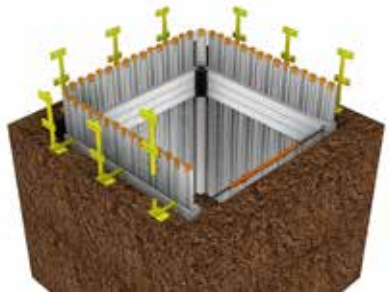
Step 6. Attach spreaders to open side of system and check squareness.

Step 7. Dig 1’-2’ pilot cut on perimeter of excavation area. With excavation taking place, attach ASG support post.

Step 8. Lift and install complete ASG System into pre-dug pilot cut, allowing ASG support system to rest at or just above ground level.



Step 9. Install the <u>NEW</u> **GME** overlapping aluminum sheet pile, with sheeting cap. Dig and push



Step 10. Attach guardrail system to ASG Support post while digging and pushing sheets to grade.

GME®
TRENCH PROTECTION SPECIALISTS
A DIVISION OF:
TRINITY SHORING PRODUCTS, INC.
A TRINITY MINING & CONSTRUCTION EQUIPMENT, INC. COMPANY

Griswold Machine & Engineering | 8530 M 60, Union City, MI 49094 | P: 1-800-248-2054 | F: 1-517-741-7483 | gme-shields.com

ASG (Aluminum Sheeting Guide)
2-Sided Installation

Step 1. Mark or designate excavation area. Note, inside dimension of excavation is 6” more than panel length. Example, if using 10’ long ASG panels, excavation will need to have a 10’6” wide internal dimension.

Step 2. Near excavation area, stand up & connect one panel to two corner post, securing it from falling down.

Step 3. Extend spreaders to near desired excavation width. Attach bottom spreaders to standing panel.

Step 4. Attach remaining panel to opposite end attached spreaders

Step 5. Lower top spreaders into place on panels and pin together. Check for squareness.

Step 6. Dig 1’-2’ pilot cut on perimeter of excavation area. With excavation taking place, attach ASG support post..

Step 7. Lift and install complete ASG System into pre-dug pilot cut, allowing ASG support system to rest at or just above ground level.

Step 8. Excavate inside of system to panel depth.

Step 9. Install the <u>NEW</u> **GME** overlapping aluminum sheet pile, with sheeting cap. Dig and push

Step 10. Attach guardrail system to ASG Support post while digging and pushing sheets to grade.

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ASG (Aluminum Sheeting Guide)
Removal Instructions

Step 1. When work is complete, backfill to compaction requirements. Pull sheets up and compact. Repeat as necessary.

Step 1a. When removing sheeting, make sure removal clamp is positioned as shown. This will require rotating clamp 180° to pull each adjacent sheet. Make sure the teeth of clamp are on solid surface (see arrow).

Step 2. As backfilling and compaction continues to the point at which the bottom of the sheets are pulled even with bottom of ASG Panels, remove sheets completely from system.

Step 3. With sheeting removed, remove ASG system and continue with final backfill and compaction.

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Construction Rental & Supply

6510 2ND ST. NW
ALBUQUERQUE, NEW MEXICO 87107
(505) 345-1651 (505) 345-1125
FAX (505) 345-1655

PLEASE REMIT TO
P.O. BOX 90277
ALBUQUERQUE, NM 87199-0277

870-0034 (505) 870-0034

R-QUOTE CR225192 PG 1

BILL TO GALLUPNM.GOV

CONTRACT / INVOICE
DATE & TIME IN
DATE & TIME OUT
ELAPSED TIME
SALES PERSON
TERMS

12/11/2019 08:00

SHIP TO GALLUPNM.GOV

HOUSE

WRITTEN BY	CHECKED IN BY	AGENT	JOB NO. / LOCATION
ALBERT D'ANGELO		MKE DECLERQ	
JOB PHONE	**DRIVER'S LICENSE NO.**	**PURCHASE ORDER NO.**	**DATE & TIME DUE IN / INVOICE DATE**
			12/12/19 08:00

ITEMS RENTED				RATES				
QUANTITY	PART NO.	DESCRIPTION	MIN. CHARGE	EX. HOURS	PER DAY	7 DAY WK.	28 DAY MO.	AMOUNT

****

Order	Ship	B/O	Item No.	Description	Price	Each	Amount
2	2	0	NONSTI009645	ASG SHEET GUIDE 65001	1575.70		3151.40
24	24	0	NONSTI009647	ASG SHECTING 65100	151.90		3645.60
4	4	0	NONSTI009648	24LSS-4 STRUT 78-114"	272.30		1089.20
4	4	0	NONSTI009649	24LSS-2 STRUT 32-48"	155.40		621.60
4	4	0	NONSTI009650	24LSS-3 STRUT 51-86"	184.80		739.20
4	4	0	NONSTI009651	65050 ASG CORNER/RING	402.50		1610.00
6	6	0	NONSTI009652	ASG SUPPORT OUTRIG 650	112.70		676.20
6	6	0	NONSTI009653	83000 GUARD RAIL POST	148.00		888.00
12	12	0	NONSTI009654	SAFETY SNAP RING 83020	6.05		72.60
1	1	0	NONSTI009655	LIFT EYES/SET OF 4 650	329.70		329.70
12	12	0	NONSTI009656	PROTECT SHEET CAP 6512	34.30		411.60
12	12	0	NONSTI009657	SHEET STOPPER 65200	8.75		105.00
1	1	0	NONSTI009658	SHEET CLAMP/PULLER 652	1081.50		1081.50
2	2	0	NONSTI009661	8'-4WAY SLING/SLINGB	240.80		481.60
1	1	0	NONINVRET	ESTIMATED FREIGHT-GALL	2000.00		2000.00

RATE STRUCTURE
1 DAY = 24 HOURS
1 WEEK = 7 DAYS
1 MONTH = 28 DAYS

METERED EQUIPMENT
1 DAY = 8 HOURS
1 WEEK = 56 HOURS
1 MONTH = 224 HOURS

OVERTIME RATES
1/6 DAILY RATE PER HOUR
1/4 WEEKLY RATE PER DAY

IF EQUIPMENT DOES NOT WORK PROPERLY, NOTIFY OFFICE AT ONCE.

RENTALS DO NOT INCLUDE FUEL AND ARE CHARGED FOR TIME OUT, NOT TIME USED. EQUIPMENT TO BE CHECKED IN UPON RETURN. CUSTOMER IS FULLY RESPONSIBLE FOR THE THEFT OF ITEMS RENTED.

I HAVE HAD THE OPPORTUNITY TO READ THE TERMS AND CONDITIONS ON BOTH SIDES OF THIS AGREEMENT. I HAVE RECEIVED AND UNDERSTAND SAFETY INSTRUCTIONS ON OPERATION OF THE EQUIPMENT I AM RENTING. I HAVE RECEIVED A COMPLETE COPY OF THIS AGREEMENT AND AGREE TO THE TERMS AND CONDITIONS ON BOTH SIDES OF THIS AGREEMENT.

IF OTHER THAN LESSEE, SIGNER REPRESENTS HE IS AGENT OF AND AUTHORIZED TO SIGN FOR LESSEE

X _____

Thank You!
ORIGINAL

DONOT**PAY***
TOTALS COMPUTED
UPON RETURN

MERCHANDISE	16903.20
GROSS RECEIPT TAX	1088.14
CONTRACT ESTIMATE	17991.34
CONTRACT DEPOSIT	.00

shoring system sole source

CITY OF
GALLUP

STATE OF NEW MEXICO
SOLE SOURCE REQUEST AND DETERMINATION FORM

A sole source ***determination*** is not effective until the ***sole source request for determination*** has been posted for thirty (30) calendar days without challenge, and subsequently approved in writing by the Certified Procurement Officer or, for Professional Services Agreements, the City Manager. The foregoing requirement is regardless of whether the ***sole source request for determination*** has been signed by the Agency and/or the Contractor.

I. Name of Agency: City of Gallup

Agency Chief Procurement Officer: Frances Rodriguez

Telephone Number: (505) 863-1334

II. Name of prospective Contractor: Construction Rental and Supply

Address of prospective Contractor: 6510 2nd ST NW, Albuquerque, NM 87107

Amount of prospective contract: $17,991.34

Term of prospective contract: Buying item

III. Please thoroughly list the services (scope of work), construction or items of tangible personal property of the prospective contract: Buying an Aluminum sheeting guide system (shoring system for congested utility sites) plus all parts to include pins, hand rails and lifting devices.

IV. Provide an explanation of the criteria developed and specified by the agency as necessary to perform and/or fulfill the contract and upon which the state agency reviewed available sources. (Do not use "technical jargon;" use plain English. Do not tailor the criteria simply to exclude other contractors if it is not rationally related to the purpose of the contract.)

Must be a light weight system transportable by pick-up truck, be able to be lifted by a backhoe back bucket and be able to be assembled by 2 persons. System must work around congested and crossing utilities and all assembly must occur outside and above excavation. System must work on side of hills and provided same level of protection or greater than existing shoring systems owned by City of Gallup.

VIII. Provide a narrative description of the agency's due diligence in determining the basis for the procurement, including procedures used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; reviewing telephone books and other advertisements; and contacting similar service providers. Include a list of businesses contacted (***do not state that no other businesses were contacted***), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

Contacted 5 businesses for quotes, only 2 responded with only 1 meeting the needed criteria. Also reviewed all available shoring systems and found only 1 system meeting the above criteria.
Businesses contacted;
Baker Corp-2 Dec 2019-email(website contact)-no response
GME-shields-2 Dec 2019- email, referred to Construction rental- met all criteria.
Trench shoring company-2 Dec 2019-email(website contact)- no response
Trenchtech, Inc--2 Dec 2019- emailed, responded by phone- shoring did not meet assembly from outside of excavation and weight criteria also used hydraulics which does not meet equal to or safer criteria.
Kundel Production Safety Systems-2 Dec 2019- emailed(Website contact)- no response

By: Date: 12-16-2019

Michael J DeClercq Water and Wastewater Superintendent
Print Name and Title

Signature

Agency Approval by: Date: 12/31/19

Frances Rodriguez, Purchasing Director, CPO

Distributor sole source

CITY OF GALLUP

STATE OF NEW MEXICO
SOLE SOURCE REQUEST AND DETERMINATION FORM

A sole source ***determination*** is not effective until the ***sole source request for determination*** has been posted for thirty (30) calendar days without challenge, and subsequently approved in writing by the Certified Procurement Officer or, for Professional Services Agreements, the City Manager. The foregoing requirement is regardless of whether the ***sole source request for determination*** has been signed by the Agency and/or the Contractor.

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Must be a light weight system transportable by pick-up truck, be able to be lifted by a backhoe back bucket and be able to be assembled by 2 persons. System must work around congested and crossing utilities and all assembly must occur outside and above excavation. System must work on side of hills and provided same level of protection or greater than existing shoring systems owned by City of Gallup.

VIII. Provide a narrative description of the agency's due diligence in determining the basis for the procurement, including procedures used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; reviewing telephone books and other advertisements; and contacting similar service providers. Include a list of businesses contacted (***do not state that no other businesses were contacted***), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

Contacted 3 businesses for quotes, only 1 responded, contacted sole source distributor on 30 December - 2 weeks after contacting the 3 businesses- no quotes had been requested for requested system by any other business other than Construction Rental.
As of 30 December;
Businesses contacted;
United Shoring and safety(Phoenix)-by phone on 16 December- No response
GME-shields-2 Dec 2019- email, referred to Construction rental- met all criteria.
New Mexico Shoring (Trench Shoring , safety and supply(Denver)- by phone on 16 December- No response.

By: Date: ~~12-16-2019~~ 12-30-2019

Michael J DeClercq Water and Wastewater Superintendent
Print Name and Title

Signature

Agency Approval by: Date: 12/30/19

Frances Rodriguez, Purchasing Director, CPO

DePauli Engineering
& Surveying, LLC.
Civil Engineers and Land Surveyors

Phone: 505-863-5440 • Fax: 505-863-1919 • www.depauliengineering.com
307 South 4th Street • Gallup, NM 87301
PO BOX 876 • Gallup, NM 87305

January 29, 2020

Dennis Romero, PE
Water and Sanitation Director
City of Gallup
PO Box 1270
Gallup, NM 87305

RE: City of Gallup HWY 491 16" Transmission Water Main, Formal Bid No. 2001 - Recommendation of Award

Dear Dennis,

Enclosed please find the bid tabulation for the above referenced project. We are recommending award of the project to Adame Construction, Inc. of Los Lunas, New Mexico, in the total amount of $2,022,058.98 including New Mexico Gross Receipts Tax provided the City of Gallup has adequate funding. The low bid exceeds our engineer's estimate of $1,973,859.92.

If you have any questions, please feel free to contact our office.

Sincerely,

Kurt Spolar, PE
kas/dmg

cc: Frances Rodriguez, City of Gallup Purchasing Director
Juan Adame, Adame Construction, Inc.

Enclosures

BID TABULATIONS

HIGHWAY 491 16" TRANSMISSION WATER MAIN
CITY OF GALLUP, NEW MEXICO
FORMAL BID NO. 2001
January 28, 2020

LOT 1: HWY 491 16" TRANSMISSION WATER MAIN

ITEM	DESCRIPTION	ESTIMATED QUANTITY	Adame Construction Inc. 10 Edeal Rd. Los Lunas, NM 87031 367697, GF09, GS04 NM Workforce Solutions No: 04166005		TLC Company Inc. 5000 Edith Blvd NE. Albuquerque, NM 87107 51429, GA98, GB98, GF98, MM98, EE98 NM Workforce Solutions No: 0191742011629	
			UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	For the installation of 30" O.D. 0.375" wall steel casing 16" internal locking 16" DIP CL350 carrier waterline (NM491) (L=225') for the **Lump Sum Price:**	1 LS	$100,000.00	$100,000.00	$276,610.00	$276,610.00
2	For the installation of 16" DIP CL350 with granular bedding & backfill complete and in place for the **Unit Price per Linear Foot:**	6750 LF	$125.00	$843,750.00	$172.00	$1,161,000.00
3	For the installation of internal locking 16" DIP CL350 TR-FLEX or equal with granular bedding & backfill complete and in place for the **Unit Price per Linear Foot:**	190 LF	$170.00	$32,300.00	$254.00	$48,260.00
4	For the installation of a tie-in including abandonment, pipe drain, pit dewatering, and coordination; excluding pipe, fittings and valves for the **Unit Price per Each:**	2 EA	$12,000.00	$24,000.00	$8,325.00	$16,650.00
5	For the installation of a 2" service connection including abandonment, and coordination for the **Unit Price per Each:**	1 EA	$12,000.00	$12,000.00	$11,680.00	$11,680.00
6	For the installation of 2" Type 2 combination air release valve assembly including vault, tap, collar, and appurtenances complete and in place for the **Unit Price per Each:**	7 EA	$11,000.00	$77,000.00	$15,925.00	$111,475.00
7	For the installation of 16" AWWA resilient wedge gate valve with valve box, & collar complete and in place for the **Unit Price per Each:**	5 EA	$12,000.00	$60,000.00	$13,780.00	$68,900.00
8	For the installation of compact ductile iron waterline fittings and appurtenances, complete and in place for the **Unit Price per Pound of fittings used:**	9500 LB	$8.00	$76,000.00	$13.30	$126,350.00
9	For the excavation of existing rock as determined by the contract documents for the **Unit Price per Cubic Yard:**	1300 CY	$81.00	$105,300.00	$75.60	$98,280.00
10	For the installation of gabion grade control structure complete and in place for the **Lump Sum Price of:**	275 CY	$270.00	$74,250.00	$547.00	$150,425.00
11	For the installation of wire enclosed rip-rap complete and in place for the **Unit Price per Square Yard:**	1475 SY	$115.00	$169,625.00	$157.40	$232,165.00

LOT 1: HWY 491 16" TRANSMISSION WATER MAIN

ITEM	DESCRIPTION	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
12	For the installation of soil reinforcement mat complete and in place for the **Unit Price per Square Yard:**	1225 SY	$100.00	$122,500.00	$46.60	$57,085.00
13	For the installation of erosion control blanket complete and in place for the **Unit Price per Square Yard:**	490 SY	$35.00	$17,150.00	$14.50	$7,105.00
14	For the removal of existing asphalt & replacement with 6" PMBP on 8" of basecourse complete and in place for the **Unit Price per Square Yard:**	75 SY	$160.00	$12,000.00	$338.00	$25,350.00
15	For the installation of grading at Stations: 16+00, 31+00, and 38+26 including import fill complete and in place for the **Lump Sum Price:**	1 LS	$40,000.00	$40,000.00	$45,230.00	$45,230.00
16	For Traffic Control plan, implementation and maintenance for the duration of the project approved by NMDOT for the **Lump Sum Price:**	1 LS	$35,000.00	$35,000.00	$20,610.00	$20,610.00
17	For quality testing by independent testing lab (This is an estimated amount used for totaling bid). **Actual amount paid will be paid invoice provided:**	Allowance	$15,000.00	$15,000.00	$15,000.00	$15,000.00
			Lot 1 Subtotal:	$1,815,875.00	Lot 1 Subtotal:	$2,472,175.00

LOT 2: REMOVAL AND ABANDONMENT OF 16" D.I. WATERLINE

ITEM	DESCRIPTION	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	For the removal and abandonment of existing 16" D.I. waterlines for the **Unit Price per Linear Foot:**	335 LF	$40.00	$13,400.00	$41.00	$13,735.00
2	For the installation of compact ductile iron waterline fittings and appurtenances, complete and in place for the **Unit Price per Pound of fittings used:**	500 LB	$28.00	$14,000.00	$10.00	$5,000.00
3	For the removal and replacement of access control wire fence complete and in place for the **Unit Price per Linear Foot:**	60 LF	$60.00	$3,600.00	$34.00	$2,040.00
4	For Traffic Control plan, implementation and maintenance for the duration of the project approved by NMDOT for the **Lump Sum Price:**	1 LS	$15,000.00	$15,000.00	$10,760.00	$10,760.00
5	For quality testing by independent testing lab (This is an estimated amount used for totaling bid). **Actual amount paid will be paid invoice provided:**	Allowance	$5,000.00	$5,000.00	$5,000.00	$5,000.00
			Lot 2 Subtotal:	$51,000.00	Lot 2 Subtotal:	$36,535.00
			Lots 1 and 2 Subtotal:	$1,866,875.00	Lots 1 and 2 Subtotal:	$2,508,710.00
			NMGRT @ 8.3125%:	$155,183.98	NMGRT @ 8.3125%:	$208,536.52
			Total Construction Cost:	$2,022,058.98	Total Construction Cost:	$2,717,246.52

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ANNAPOLIS MARYLAND NEWS

Public works head: Uncompetitive market, Trump tariffs raise Annapolis construction costs

By BROOKS DUBOSE
CAPITAL GAZETTE | NOV 27, 2019

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Truxtun Pool

Lothorian project manager Scott Colimore talks about the construction of the new Truxtun Park Pool. (Paul W. Gillespie)

1 / 9

An uncompetitive contracting market and the federal government's tariffs on Chinese building materials among other factors have driven up the cost of several city projects, including the redevelopment of Truxtun Park Pool by an estimated 15-25%, the Annapolis public works director said.

The Truxtun Park Pool project will cost nearly $5 million due to increased construction costs stemming from a lack of competitive bids from contractors as well as steep tariffs President Donald Trump's administration has placed on Chinese steel, aluminum and other materials, said Public Works Director David Jarrell.

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Jarrell spoke to those issues at the Nov. 18 City Council meeting in which the council unanimously approved an additional allocation of $951,000 for the project. About $177,000 will go to increased construction costs and another $200,00 for complying with stormwater management rules the city passed in January.

Another $360,000 of the allocated money is earmarked as contingency money for unanticipated costs, which Jarrell said is unlikely to be spent. The rest is for a standard 5% charge the general fund takes to administer the project.

"We may never need the contingency money. If we need it, it's available," Jarrell said at the Nov. 18 meeting.

[More Maryland news] After blogger questions Annapolis police chief's qualifications, City Council plans vote of renewed support »

Jarrell was appointed as the new city manager last month despite not meeting City Code requirements. He is expected to be confirmed at the next City Council meeting Dec. 9.

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There are simply not enough contractors and subcontractors to meet the demand of all the development projects in the city, he said, estimating that the cost of those projects has also increased by between 15 and 25%.

Just how much the tariffs specifically within the construction increases have affected costs is somewhat harder to determine, Jarrell said.

The Trump administration has been embroiled in a trade war with China since last year. It imposed a 25% tariff on steel and a 10% tariff on aluminum in March 2018. The administration has exempted some countries from the tariffs, but those on Chinese construction materials remained in place.

[More Maryland news] New owner plans to keep O'Brien's name on landmark Annapolis restaurant »

The city has recently received higher than usual bids for construction projects — an estimate for the City Dock flood mitigation project on Compromise Street is expected to go up as well — which Jarrell attributed to the contracting community still not fully rebounding from the economic recession in 2008.

That has led to the number of major construction projects outweighing the number of contractors, he said. In essence, there is too much work and not enough workers.

“I think what happens is that as the economy continues to be good and there continues to be a lot of construction work that for a while you really suffer and you get into the situation we have right now,” Jarrell said. “Eventually if it stays this way — with this pace of construction — they’ll catch up. It just takes a little bit of time.”

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Eisenhower Golf Course to Anne Arunde included in the fiscal year 2020 budget to pay for furnishings like lounge chairs and improvements to the parking lot.

The rising costs of the pool redevelopment are becoming increasingly difficult to explain to constituents, Alderman Fred Paone, R-Ward 2, said Nov. 18.

[More Maryland news] Man sentenced to life in prison for death of Baltimore woman whose burned body was found in a vacant rowhome »

"It's nobody in particular's fault," Paone said. "My constituents say, 'What happened to the 3.8 million that the pool was going to cost? It's now 5 million.' Hopefully not that much but it's a little tough to explain to some folks."

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Jarrell agreed, stating that while costs were going up, his department was doing its best to cut in other areas of the project such as reducing the size of the planned bathhouse and patio area.

With several major infrastructure and resiliency projects, such as the City Dock redevelopment and the rebuilding of Hillman Garage, coming in the next five years, Alderman Rob Savidge, D-Ward 7, said he was concerned that these

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FEB 3, 2020

42 families at Annapolis public housing property moving to other complexes after gas leak
FEB 3, 2020

Annapolis honors Black History Month with daily educational photo series
FEB 2, 2020

"The budget that we've adopted put us right up to our debt ceiling and so it makes it much more difficult to pay for these projects," Savidge said. "I don't think we should be budgeting to use our saving for projects. If we can't afford them we should be waiting to do them."

Brooks DuBose

Brooks DuBose is a staff writer at The Capital who covers the city of Annapolis and the Naval Academy.

How To Empty Your Bowels Every Morning - Top Surgeon Explains How

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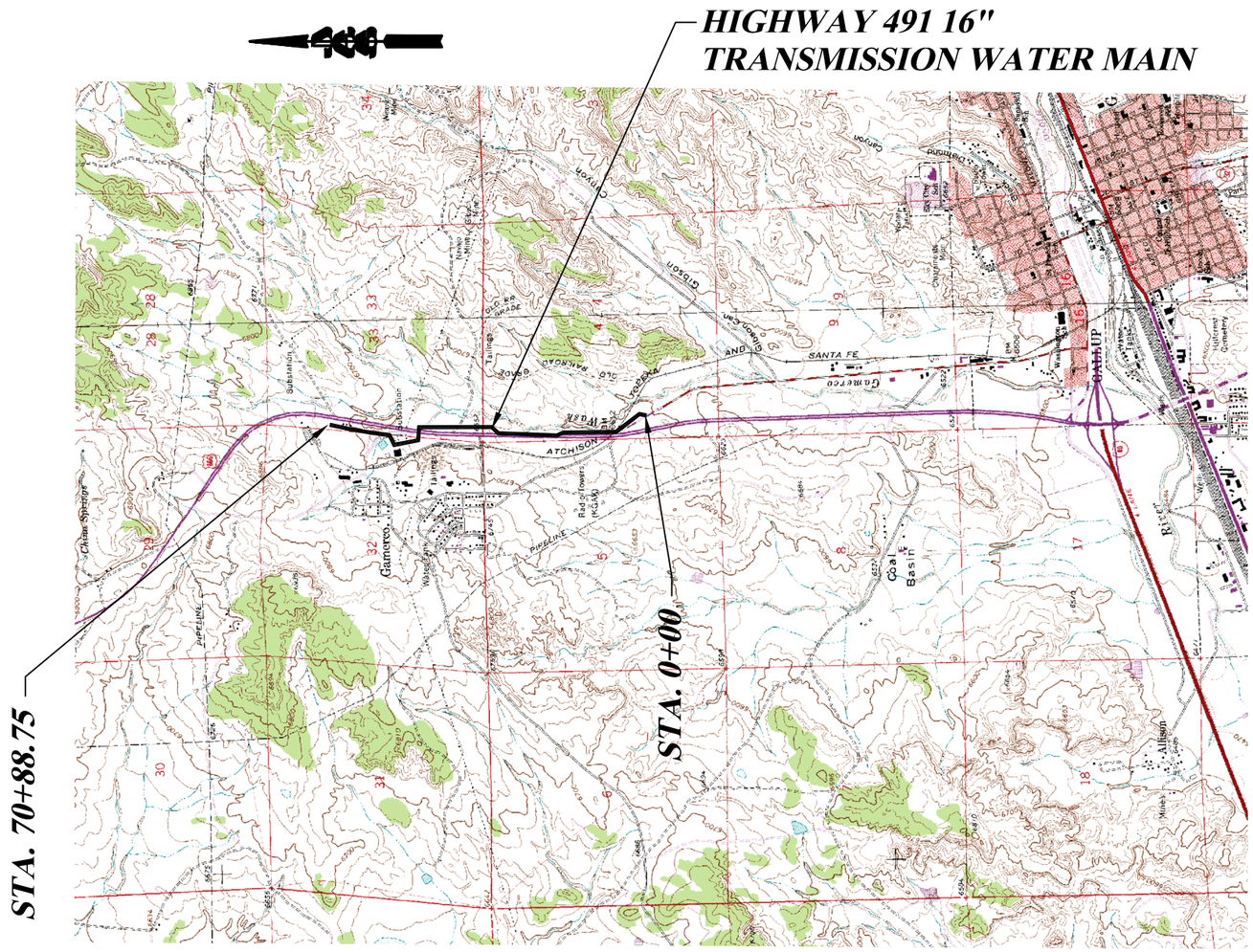
CITY OF GALLUP, NEW MEXICO

HIGHWAY 491
16" TRANSMISSION WATER MAIN

FORMAL BID NO. 2001



CITY OF GALLUP
VICINITY MAP
NTS

DePAULI ENGINEERING & SURVEYING LLC
- CIVIL ENGINEERS AND LAND SURVEYORS -
307 SOUTH 4th STREET GALLUP, NM 87301
TEL: (505)863-5440 WWW.DEPAULIENGINEERING.COM

for the
CITY OF GALLUP
McKINLEY COUNTY, NEW MEXICO

NO.	BY	DATE	

CITY OF GALLUP
HIGHWAY 491
16" TRANSMISSION WATER MAIN
FORMAL BID NO. 2001

PROJECT SCOPE

SCALE: SHOWN
DATE: JANUARY 1, 2020
DRAWN BY: ACV
CHECKED BY: MDP, EG, KAS

SHEET
1 - 1