

**STATE OF NEW MEXICO  
GALLUP HOUSING AUTHORITY**

**A COMPONENT UNIT OF  
CITY OF GALLUP, NEW MEXICO**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2008**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO  
GALLUP HOUSING AUTHORITY**

**Board of Commissioners and Management  
June 30, 2008**

Commissioner, Chairperson	Howard W. Britt
Commissioner, Vice-Chairperson	William W. Head
Commissioner	Gene Pacheco
Commissioner, Resident	Jonathan Todachine
Commissioner	Gumi Garcia
Executive Director	Danny Garcia

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**STATE OF NEW MEXICO  
GALLUP HOUSING AUTHORITY**

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FOR THE YEAR ENDED JUNE 30, 2008

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**FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

Hector Balderas,  
New Mexico State Auditor  
The Office of Management and Budget  
and  
Executive Director and Board of Commissioners  
Gallup Housing Authority  
Gallup, New Mexico

We have audited the accompanying financial statements of the business-type activities of the Gallup Housing Authority (the "Authority"), a component unit of the City of Gallup, New Mexico (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Authority and are not intended to present the City's financial position, and the results of operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

Because of the inadequacy of accounting records related to the Housing Authority's income and expenses by project, we were unable to form an opinion regarding the amounts at which revenues and expenses were recorded in the accompanying Statement of Activities relating to the Housing Authority as of June 30, 2008.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the business-type activities of the Gallup Housing Authority as of the year ended June 30, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has not presented budgetary comparison statements as either part of the basic financial statements or as required supplementary information for its business-type activities. Such information is normally presented for purposes of additional analysis and is not required part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2009 on our consideration of the Authority'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

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compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2008, the Authority has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The Financial Data Schedule is required by the U.S. Department of Housing and Urban Development. The additional schedules listed as "Supporting Schedules" and the Financial Data Schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Griego Professional Services, LLC  
Albuquerque, NM  
May 12, 2009

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## **BASIC FINANCIAL STATEMENTS**

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**BALANCE SHEET**  
**PROPRIETARY FUND TYPES**  
**JUNE 30, 2008**

Exhibit A

**ASSETS**

*Current assets:*

Cash and cash equivalents	\$	132,640
Accounts receivable - tenants, net of allowance for doubtful accounts of \$5,441		11,515
Accounts receivable - Other		108,325
Due from other governments		164
Inventory		9,880
Prepaid expenses		15,441
<i>Total current assets</i>		277,965

*Noncurrent assets:*

Restricted cash and cash equivalents		1,066
Land, Structures and equipment, net of accumulated depreciation		6,412,893
<i>Total noncurrent assets</i>		6,413,959

<i>Total assets</i>	\$	6,691,924
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**LIABILITIES**

*Current liabilities (payable from current assets):*

Accounts payable	\$	115,236
Accrued salaries and benefits		3,093
Compensated absences, current amounts		2,880
<i>Total current liabilities (payable from current assets)</i>		121,209

*Current liabilities (payable from restricted assets)*

Tenant deposits		21,006
<i>Total current liabilities (payable from restricted assets)</i>		21,006

*Non-current liabilities :*

Compensated absences, net of current amounts		8,639
		8,639

<i>Total liabilities</i>		150,854
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**NET ASSETS**

Invested in capital assets		6,412,893
Unrestricted		128,177
		6,541,070

<i>Total net assets</i>		6,541,070
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<i>Total liabilities and net assets</i>	\$	6,691,924
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The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 2008**

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 417,920
Operating grants	597,228
Miscellaneous	<u>91,197</u>
<i>Total operating revenues</i>	<u>1,106,345</u>
 <i>Operating expenses:</i>	
Administration	147,423
Salaries	290,986
Utilities	296,517
Ordinary maintenance and operations	230,669
General	98,273
Housing assistance payments	60,857
Other expenses	67,762
Depreciation	<u>205,281</u>
<i>Total operating expenses</i>	<u>1,397,768</u>
<i>Operating loss</i>	<u>(291,423)</u>
 <i>Non-operating revenues:</i>	
Interest income	3,603
Sale of asset held for sale	<u>33,820</u>
<i>Total non-operating revenues</i>	<u>37,423</u>
<i>Change in net assets</i>	(254,000)
<i>Total net assets - beginning of year</i>	<u>6,795,070</u>
<i>Total net assets - end of year</i>	<u><u>\$ 6,541,070</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 2008**

Exhibit C

	Net Assets Invested in <u>Capital Assets</u>	Unrestricted <u>Net Assets</u>	<u>Total</u>
Balance June 30, 2007	\$ 6,627,513	\$ 167,557	\$ 6,795,070
Net change in net assets for the year ended June 30, 2008	<u>(214,620)</u>	<u>(39,380)</u>	<u>(254,000)</u>
Balance June 30, 2008	<u>\$ 6,412,893</u>	<u>\$ 128,177</u>	<u>\$ 6,541,070</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 2008**

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 1,015,405
Cash paid to suppliers and employees	<u>(1,137,413)</u>
<i>Net cash (used) by operating activities</i>	<u>(122,008)</u>
 <i>Cash flows from investing activities:</i>	
Interest received	3,603
Sale of asset held for sale	<u>99,725</u>
<i>Net cash provided by investing activities</i>	<u>103,328</u>
 <i>Net (decrease) in cash and cash equivalents</i>	 (18,680)
 <i>Cash and cash equivalents - beginning of year</i>	 <u>152,386</u>
 <i>Cash and cash equivalents - end of year</i>	 <u><u>\$ 133,706</u></u>
 <i>Reconciliation of operating (loss) to net cash</i>	
<i>(used) by operating activities:</i>	
Operating (loss)	\$ (291,423)
Adjustments to reconcile operating (loss)	
to net cash (used) by operating activities:	
Depreciation	205,280
(Increase) decrease in:	
Accounts receivable	(89,562)
Prepaid expenses	3,046
Inventory	(9,880)
Increase (decrease) in:	
Accounts payable	90,663
Accrued expenses	(24,895)
Deferred revenue	(1,378)
Compensated absences	<u>(3,859)</u>
 <i>Net cash (used) by operating activities</i>	 <u><u>\$ (122,008)</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 1    Summary of Significant Accounting Policies**

The Gallup Housing Authority (the Authority) was organized under New Mexico statutes, to provide a conduit for housing funds for disadvantaged citizens of the City of Gallup, New Mexico. The Authority is a political subdivision of the State of New Mexico and a component unit of the City of Gallup, New Mexico.

The financial statements present only the financial position, results of operations and cash flows of the Authority and are not intended to present fairly the City's financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principals generally accepted in the United States of America.

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

The following programs are maintained by the Authority:

**Low Rent Public Housing Program** – The overall objective of the Public and Indian Housing program is to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

**Section 8 Programs** – These programs, funded through direct grants from HUD, provide rental assistance to qualified families through rent subsidies paid directly to third-party landlords.

A.    *Financial Reporting Entity*

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the financial reporting entity was made by applying the criteria set forth in GASB #14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units; however, the Authority is a component unit of the City of Gallup.

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**A COMPONENT UNIT OF CITY OF GALLUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 1 Summary of Significant Accounting Policies (Continued)**

**B. *Basis of Presentation***

All of the Authority's programs are accounted for as business-type activities for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs.

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Encumbrance accounting is not used for budgetary or normal financial reporting purposes.

A fund is a separate accounting entity with a self-balancing set of accounts. The Authority classifies all funds into one category: proprietary. That category, in turn, is divided into separate "funds".

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

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

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's operating revenues consist primarily of charges for services and operating grants. Operating expenses include administration, utilities and ordinary repairs and maintenance expenses as well as general expenses, housing assistance payments, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 1 Summary of Significant Accounting Policies (Continued)**

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

the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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.

*D. Assets, Liabilities, and Equity*

**Cash and Cash Equivalents**

The Authority considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. State statutes authorize the Authority to invest in obligations of the U.S. Treasury, certified financial institution time deposits, and New Mexico political subdivision obligations.

New Mexico Statutes require that financial institutions with public monies on deposit to pledge collateral to the owner of such public monies in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority (Note 2).

**Accounts Receivable**

All trade receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

**Inventories**

The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditure at the time of consumption. Inventory for the Authority is valued at cost.

**Prepaid Items**

Prepaid balances are for payments made by the Authority in the current year to provide services that are applicable to future accounting periods.

**Land, Structures and Equipment**

Proprietary fund property and equipment acquisitions are recorded at cost or, if contributed property, at their fair market value at the time the contribution is made. Repairs and maintenance are recorded as expenses, while renewals and betterments are capitalized. Assets capitalized have an original cost of \$5,000 or more. Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

Structures & improvements	40 years
Machinery & equipment	5-7 years

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 1 Summary of Significant Accounting Policies (Continued)**

D. *Assets, Liabilities, and Equity (Continued)*

**Compensated Absences**

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. Vested or accumulated vacation leave is reported as an expenditure and a liability of the program that will pay it.

**Cash Flows**

For the purpose of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**Interfund Transactions**

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

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Authority's financial statements include management's estimate of the useful lives of capital assets.

**Restricted Assets**

Certain resources set aside for modernization and development, as well as security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited.

The County's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Revenue Recognition**

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as operating grants in the accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 2    Cash and Cash Equivalents**

State statutes authorize the investment of the Authority's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**Note 2 Cash and Cash Equivalents (Continued)**

**Deposits**

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for a least one half of the amount on deposit with the institution. The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the County's deposits.

	<u>First Federal Bank</u>	<u>Pinnacle Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 30,512	\$ 118,511	\$ 100	\$ 149,123
FDIC coverage	<u>(30,512)</u>	<u>(100,000)</u>	<u>(100)</u>	<u>(130,612)</u>
Total uninsured public funds	<u>\$ —</u>	<u>\$ 18,511</u>	<u>\$ —</u>	<u>\$ 18,511</u>
Collateral requirement (50% of uninsured public funds)	—	9,256	—	—
Pledged security	<u>—</u>	<u>9,256</u>	<u>—</u>	<u>—</u>
Over/(Under)-collateralized	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

At June 30, 2008, the carrying amount of the Authority's deposits was \$133,706 and the respective balances per the financial institutions totaled \$149,123. Of this balance, \$130,612 was covered by federal depository insurance. The remaining amount of \$18,511 was uninsured and uncollateralized at year-end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$18,511 of the Authority's bank balance of \$149,123 was exposed to custodial credit risk. \$18,511 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank's trust department, not in the County's name.

**Note 3 Accounts Receivable**

The Authority's accounts receivable at June 30, 2008, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable – Tenants	\$ 16,956	\$ 5,441	\$ 11,515
Accounts receivable – Other governments	164	—	164
Accounts receivable – Other	<u>108,325</u>	<u>—</u>	<u>108,325</u>
	<u>\$ 125,445</u>	<u>\$ 5,441</u>	<u>\$ 120,004</u>

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**Note 4 Interfund Receivables, Payables and Transfers**

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as “due from other funds” or “due to other funds” on the balance sheet.

There were no interfund balances as of June 30, 2008.

**Note 5 Land, structures and equipment**

	<u>Balance</u> <u>06/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/2008</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 1,686,162	—	—	—	1,686,162
Net Capital Assets, Not Being Depreciated:	<u>1,686,162</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,686,162</u>
Capital Assets, Being Depreciated:					
Structures & Improvements	10,147,921	—	—	—	10,147,921
Machinery & Equipment	<u>583,205</u>	<u>—</u>	<u>(9,580)</u>	<u>—</u>	<u>573,625</u>
Subtotal Governmental Activities	<u>10,731,126</u>	<u>—</u>	<u>(9,580)</u>	<u>—</u>	<u>10,721,546</u>
Accumulated Depreciation:					
Structures & Improvements	(5,561,401)	(188,963)	240	—	(5,750,124)
Furniture & Equipment	<u>(228,374)</u>	<u>(16,317)</u>	<u>—</u>	<u>—</u>	<u>(244,691)</u>
Total Accumulated Depreciation	<u>(5,789,775)</u>	<u>(205,280)</u>	<u>240</u>	<u>—</u>	<u>(5,994,815)</u>
Net Book Value	<u>\$ 6,627,513</u>	<u>\$ (205,280)</u>	<u>\$ (9,340)</u>	<u>\$ —</u>	<u>\$ 6,412,893</u>

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2008, totaled \$205,280.

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 6    Compensated Absences**

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. The liability related to compensated absences included increases (additions) of \$6,277 and decreases (deletions) of \$10,136, resulting in a net decrease of \$3,859 (\$15,378 at June 30, 2007 to \$11,519 at June 30, 2008) during the year ended June 30, 2008. The amount of this liability due within one year is \$2,880.

**Note 7    Risk Management**

Gallup Housing Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other housing authorities throughout the Country and obtained insurance through the Housing Authority Insurance Group, a housing Authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred.

**Note 8    PERA Pension Plan**

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

*Funding Policy:* Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15% of the gross salary. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the year ending June 30, 2008, 2007, and 2006 were \$38,847, \$42,740, and \$50,168. Employee contributions for the year ended June 30, 2008, 2007, and 2006 were \$55,830, \$61,425, and \$72,099. All amounts expended were equal to the amount of the required contributions for each year.

**Note 9    Post Employment Benefits—State Retiree Health Care Plans**

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a



**STATE OF NEW MEXICO**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 9 Post Employment Benefits (Continued)**

contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 4) former governing authority members who served at least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City of Gallup Housing Authority's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were \$5,287, \$6,072, and \$7,128, respectively, which equal the required contributions for each year.

**Note 10 Contingent Liabilities**

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

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 11 Concentrations**

52% percent of the Authority's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Authority.

**Note 12 Subsequent Accounting Standard Pronouncements**

In June 2004, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which is effective for financial statements for periods beginning after December 15, 2006. This statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The Housing Authority is analyzing the effect that this standard will have on its financial statements.

In June 2005, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 47, Accounting for Termination Benefits, which is effective for financial statements for periods beginning after June 15, 2005 or in conjunction with implementation of GASB No. 45. This statement establishes accounting standards for termination benefits. The Housing Authority is analyzing the effect that this standard will have on its financial statements.

In September 2006, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, which is effective for financial statements for periods beginning after December 15, 2006. This statement establishes the criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. The Housing Authority is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In November 2006, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, which is effective for financial statements for periods beginning after December 15, 2007. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current and potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Housing Authority is analyzing the effect that this standard will have on its financial statements.

In May 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 50, Pension Disclosures, which is effective for financial statements for periods beginning after June 15, 2007. This statement more closely aligns the financial reporting requirements for pensions with those for other post employment benefits. The Housing Authority is analyzing the effect that this standard will have on its financial statements.

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

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS**

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**COMBINING BALANCE SHEET**  
**ALL ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

Statement A-1  
Page 1 of 2

<b>ASSETS</b>	Low-Rent Public Housing <u>14.850</u>	Section 8 <u>14.871</u>	<u>Total</u>
<i>Current assets:</i>			
Cash and cash equivalents	11,705	120,935	\$ 132,640
Accounts receivable - tenants, net of allowance for doubtful accounts of \$5,441	11,515	-	11,515
Accounts receivable - Other	106,466	1,859	108,325
Due from other governments	164	-	164
Inventory	9,880	-	9,880
Prepaid expenses	<u>15,263</u>	<u>178</u>	<u>15,441</u>
<i>Total current assets</i>	<u>154,993</u>	<u>122,972</u>	<u>277,965</u>
<i>Restricted assets:</i>			
Cash and cash equivalents	1,066	-	1,066
Land, structures and equipment, net of accumulated depreciation	<u>6,412,893</u>	<u>-</u>	<u>6,412,893</u>
<i>Total assets</i>	<u><u>\$6,568,952</u></u>	<u><u>\$ 122,972</u></u>	<u><u>\$6,691,924</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**COMBINING BALANCE SHEET**  
**ALL ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

Statement A-1  
Page 2 of 2

<b>LIABILITIES AND NET ASSETS</b>	Low-Rent Public Housing <u>14.850</u>	Section 8 <u>14.871</u>	<u>Total</u>
<i>Current liabilities (payable from current assets):</i>			
Accounts payable	\$ 115,236	\$ -	\$ 115,236
Accrued salaries & benefits	3,093	-	3,093
Compensated absences, current portion	<u>2,880</u>	<u>-</u>	<u>2,880</u>
<i>Total current liabilities (payable from current assets)</i>	<u>121,209</u>	<u>-</u>	<u>121,209</u>
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	<u>21,006</u>	<u>-</u>	<u>21,006</u>
<i>Total current liabilities (payable from restricted assets)</i>	<u>21,006</u>	<u>-</u>	<u>21,006</u>
<i>Non-current liabilities :</i>			
Compensated absences, net of current portion	<u>8,639</u>	<u>-</u>	<u>8,639</u>
<i>Total liabilities</i>	<u>150,854</u>	<u>-</u>	<u>150,854</u>
<i>Net assets:</i>			
Net assets invested in capital assets, net of related debt	6,412,893	-	6,412,893
Unrestricted net assets	<u>5,205</u>	<u>122,972</u>	<u>128,177</u>
<i>Total Net assets</i>	<u>6,418,098</u>	<u>122,972</u>	<u>6,541,070</u>
<i>Total liabilities and net assets</i>	<u><u>\$6,568,952</u></u>	<u><u>\$ 122,972</u></u>	<u><u>\$6,691,924</u></u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
A COMPONENT UNIT OF CITY OF GALLUP  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS - ALL ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

Statement A-2

	Low-Rent Public Housing 14.850	Section 8 14.871	Total
<i>Operating revenues:</i>			
Charges for services	\$ 417,920	\$ -	\$ 417,920
Operating grants	508,127	89,101	597,228
Miscellaneous	91,197	-	91,197
<i>Total operating revenues</i>	<u>1,017,244</u>	<u>89,101</u>	<u>1,106,345</u>
<i>Operating expenses:</i>			
Administration	147,302	121	147,423
Salaries	279,108	11,878	290,986
Utilities	296,517	-	296,517
Ordinary maintenance and operations	230,669	-	230,669
General	98,228	45	98,273
Housing assistance payments	-	60,857	60,857
Other Expenses	67,762	-	67,762
Depreciation	205,281	-	205,281
<i>Total operating expenses</i>	<u>1,324,867</u>	<u>72,901</u>	<u>1,397,768</u>
<i>Operating Income/(loss)</i>	<u>(307,623)</u>	<u>16,200</u>	<u>(291,423)</u>
<i>Non-operating revenues (expenses):</i>			
Interest income	2,150	1,453	3,603
Gain on disposal of assets	33,820	-	33,820
<i>Total non-operating revenues (expenses)</i>	<u>35,970</u>	<u>1,453</u>	<u>37,423</u>
<i>Income (loss) before contributions</i>	<u>(271,653)</u>	<u>17,653</u>	<u>(254,000)</u>
<i>Total net assets - beginning of year</i>	<u>6,689,751</u>	<u>105,319</u>	<u>6,795,070</u>
<i>Total net assets - end of year</i>	<u>\$ 6,418,098</u>	<u>\$ 122,972</u>	<u>\$ 6,541,070</u>

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS BY DEPOSITORY**  
**FOR PUBLIC FUNDS**

Schedule I

<u>Financial Institution</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
First Federal Bank			
Operating	Checking	\$ 30,512	\$ 14,977
Total First Federal Bank		\$ 30,512	\$ 14,977
Pinnacle Bank			
FSS Escrow	Checking	\$ 118,511	\$ 118,429
Total Pinnacle Bank		\$ 118,511	\$ 118,429
Wells Fargo			
General Fund Operating	Checking	\$ 100	\$ 100
Total Wells Fargo		\$ 100	\$ 100
Petty Cash			200
Total Cash - June 30, 2008			\$ 133,706

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
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**SCHEDULE OF DEPOSITORY COLLATERAL**  
**PUBLIC FUNDS**  
**JUNE 30, 2008**

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2008
Bank of Colorado	FHLB Bonds, CUSIP 1T-5 03, Maturity Date of 09-25-2013, 5.500%	1,000,000
Total pledged securities		<u>\$ 1,000,000</u>

\* Securities pledged are held by Pinnacle Bank in Gallup, New Mexico.

\*\* Safekeeping receipts are held by the City of Gallup, for the Authority.

The accompanying notes are an integral part of these financial statements

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**COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE**

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**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***

Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget  
To the Executive Director and the Board of Commissioners  
Gallup Housing Authority  
Gallup, New Mexico

We have audited the financial statements of the business-type activities of Gallup Housing Authority (the "Authority") as of and for the year ended June 30, 2008, and have issued our report thereon dated May 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as findings FS 08-01, FS 08-02, FS 08-03, FS 08-04, FS 08-05, FS 08-06 and FS 08-07.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control. There were deficiencies over internal control considered to be material weaknesses described in the accompanying schedule of findings and questioned costs as items FS 08-06 and FS 08-07.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* as item FS 08-01, FS 08-04, and FS 08-05.

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

This report is intended solely for the information and use of the Board of Commissioners, management, the Office of the State Auditor, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

Griego Professional Services, LLC  
Albuquerque, NM  
May 12, 2009

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

Hector Balderas  
New Mexico State Auditor  
The Office of Management and Budget  
To the Executive Director and the Board of Commissioners  
Gallup Housing Authority  
Gallup, New Mexico

Compliance

We have audited the compliance of Gallup Housing Authority (the “Authority”) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority’s management. Our responsibility is to express an opinion on the Authority’s compliance based on our audit.

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

As described in item FA 08-01 in the accompanying schedule of findings and questioned costs Gallup Housing Authority did not comply with requirements regarding project based financial reporting that are applicable to its major federal programs. Compliance with such requirements is necessary, in our opinion, for Gallup Housing Authority to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item FA 08-02.

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## Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the Board of Commissioners, management, the Office of the State Auditor, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Griego Professional Services, LLC  
Albuquerque, NM  
May 12, 2009

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**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
A COMPONENT UNIT OF CITY OF GALLUP  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Schedule III

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing (1)	14.850	508,127
Section 8 Housing Choice Vouchers	14.871	<u>72,901</u>
Total U.S. Department of Housing and Urban Development		<u>581,028</u>
Total Federal Financial Assistance		<u>\$ 581,028</u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

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

1. Basis of Presentation

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

2. Subrecipients

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	581,028
Total expenditures funded by other sources		<u>816,740</u>
Total expenditures	\$	<u>1,397,768</u>

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Schedule IV

**Section I – Summary of Audit Results**

*Financial Statements:*

- |  |           |
|--|-----------|
| 1. Type of auditors’ report issued   | Qualified |
| 2. Internal control over financial reporting:                                    |           |
| a. Material weakness identified?   | Yes       |
| b. Significant deficiency identified not considered to be a material weaknesses? | Yes       |
| c. Control deficiency identified not considered to be a significant deficiency?  | No        |

*Federal Awards:*

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

CFDA Number	Federal Program
14.850	Low-Rent Public Housing Program

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

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Schedule IV

**Section I – Financial Statement Findings**

**FS 08-01 — Audit Report Not Submitted Timely**

*Condition:* The Authority's audit report for the year ended June 30, 2008 was not submitted to the State Auditor by the required due date, December 1, 2008.

*Criteria:* Audit reports not received on or before the due date, December 1, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

*Effect:* The result was the late submission of the Authority's audit report for the year ended June 30, 2008.

*Cause:* Accounting records were not completed in time to ensure the submission of a timely audit report.

*Auditors' Recommendations:* The Authority should ensure that their books of record are closed so that future reports can be submitted timely.

*Management's Response:* In early July 2008 this Agency had a major, verifiable network "crash" which caused this Agency to close its doors for one (1) week to become functional, and three (3) weeks to rebuild and secure data. As of June 30, 2008, the Executive Director and the bookkeeper had been on the job 3 months and 2 months respectively with very little training on our software. Also during this period we were trying to force our 14 year old software to a project based system, which in turn caused many more problems than solutions.

During the course of FY 09 we have made sufficient progress in working around our software short falls, and as of May 2009, have already begun our troubleshooting procedures for year-end close. Gallup Housing Authority has put in place quality control procedure to ensure timely submission of all future submissions. This will not be a repeat finding.

**FS 08-02 – Bank Reconciliations**

*Condition:* City of Gallup Housing Authority's June 2008 bank reconciliation does not tie to the trial balance provided. There is a difference of \$998 in total that does not reconcile.

*Criteria:* According to Statement on Auditing Standard (SAS) 112 Section 402.61 states that "A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors."

*Effect:* Without proper reconciliations, cash may be misstated on the financial statements.

*Cause:* The bank statement was not properly reconciled to the general ledger. There is an un-reconciled difference of \$998.

*Auditor Recommendation:* The Authority must reconcile bank accounts monthly and this should be done in a timely manner. Most banks only allow 60 days to dispute errors. Therefore banking errors not caught in that 60 day time frame may not be corrected. Further, the Authority should establish a review procedure so that bank statements and reconciliations are reviewed monthly and signed by a member of management or the board.

*Management Response:* Our bank accounts have been balanced and monitored as of July 2008. During this period the Executive Director did not review nor perform quality control in a timely or detailed matter. The initial priority was to strengthen this Authority's occupancy and to re-establish communication and trust with locals and HUD authorities, which were so badly damaged by past administration. Movement was quick and unidirectional, and some aspects did in fact get pushed aside.

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The authority now understands the importance of accountability and transparency and has adopted a practice of reviewing all financial material on a monthly basis not to exceed 45 Days. This will not be a repeat finding.

**FS 08-03 – Tenant Deposits**

*Condition:* Good accounting practices state that an entity should hold sufficient cash balances at any time to cover deposit liabilities. The Authority holds a tenant liability of \$30,870 but a cash balance of \$11,705 in the Low Income Housing Program leaving a balance of \$19,165 not covered by cash on hand.

*Criteria:* The Authority did not maintain cash balances at a level above their tenant deposits at June 30, 2008 in the Low Income Housing Program.

*Effect:* In the event of a large loss of tenants, the authority would not have sufficient cash to pay back the tenant deposit liability. The Authority would have to use funds from another program, which would be against program guidelines, to pay back the tenant liability.

*Cause:* The Authority does not have controls in place to ensure that a sufficient cash balance is kept to ensure having more cash than tenant deposits.

*Recommendation:* Management must ensure that sufficient cash balances in the Low Income Housing Program exist at all times to cover the Authority's tenant deposit liability.

*Management Response:* By the end of my first month as Executive Director, due to the sudden and unexpected resignation of past Executive Director as well as the Deputy Director, there was a 45-day period where no HUD subsidy was coming in due to changing of secure forms and establishment of new users etc., on HUD online systems.

By the end of March 2008 this agency had approximately \$3,500 in cash with approximately \$28,000, of secure resident deposits on the books. We immediately recognized this shortfall and worked to remedy it. By May 2009 this Agency had a reserve large enough to cover all deposits. This Agency now has a separate Non-Interest Bank account for the holding of all secure resident funds, is funded to the penny, and monitored on a monthly basis not to exceed 45 days. This will not be a repeat finding.

**FS-08-04—Lack of Supporting Documentation-Payroll**

*Condition:* During our test of Payroll we requested information to verify insurance authorization for check numbers 55500,55585,55848,55829, and 55851. The client was unable to furnish supporting documentation for our inspection. In addition, during our test work of payroll, we noted one instance (55792) where Form I-9 where supporting documentation could not be located.

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

*Effect:* The Authority is in violation of NMAC 6 20 2.14 and Federal Statutes regarding Form I-9.

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

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

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*Management's Response:* The missing I-9 was that of a person no longer employed by this Agency as of February 2008.

Our current bookkeeper was hired in late April 2008 with little training on software as well as policy/procedure. During the course of FY 2009 we have discussed procedure, all required documentation, checks, check registers and all supporting documents are kept in a secured office and reviewed for consistency on a monthly basis not to exceed 45 Days. This will not be a repeat finding.

**FS-08-05—Lack of Supporting Documentation**

*Condition:* During our test of Travel & Per Diem we requested ten expenditures for travel. The client was unable to furnish any documents relating to 8 of the 10 expenditures and was not able to come up with supporting documentation for the other 2 expenditures to allow for proper testing of controls in this area. The items to be tested had a total value of \$2,944.76.

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

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

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

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

*Management's Response:* All Per Diem requests are kept and reviewed. Information in question was one (1) Check w/multiple employee names for one (1) Lodging expense, with only one (1) receipt to account for expense. This practice is no longer used all multiple lodging expenses are entered as an Agency expense and accounted as such. During the course of FY 2009 we have discussed procedure, all required documentation, checks, check registers and all supporting documents are kept in a secured office and reviewed for consistency on a monthly basis not to exceed 45 Days.

**FS 08-06 – Internal Control Deficiencies**

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

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

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

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

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

*Management's Response:* Gallup Housing Authority does have procedure in place to prevent fraud and unrelated/unreasonable expenditures, all PO's are inserted by bookkeeper, as well as printing of all checks, then, they are review by Executive Director, all checks are two (2) signature checks all check registers are reviewed by the Chairman and/or Vice-Chairman and signed by one (1) board member as well as by one (1) staff member except for bookkeeper, all deposits also go through three (3) employees before deposit.

Gallup Housing Authority does not have a policy governing informational technology. We have put procedures in place only to prevent catastrophic electrical data loss, and are currently developing a policy for Board approval. This will not be a repeat finding.

**FS 08-07 — Internal Control over Financial Reporting**

*Condition:* The Authority's Executive Director terminated his employment during the 2008 fiscal year. The Authority has since replaced the Executive Director. Although the Authority is making progress, through continuing educations classes, it is currently without an individual at the management level capable of taking responsibility for the preparation of the financial statements as required by accounting standards.

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

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

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

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

*Management's Response:* This Administration has taken the steps needed to insure high level understanding of principals governing the administration of public funds.

There has always been an emphasis on control in regards to the safeguarding of assets against unauthorized acquisition, use, or disposition. There is no risk of misstatement due to fraud; however there was a risk of error. Because of this risk of error this Agency has updated computer systems, has trained to fully understand our current operating software, and has made great effort to educate key staff in all principals governing said assets.

The Executive Director and finance director have approximately 40 CPE credits in the implementation of Project Based accounting, as well as, GAAP principals in accord to GASB, high level control and reporting.

This Agency will continue to use a fee for service CPA for all preparation of financial statements, and this should not be seen as an inherent material weaknesses, as our first priority is to provide safe, sanitary, and affordable housing to our community.

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**Section II – Federal Award Findings and Questioned Costs**

**FA 08-01 — Project Based Reporting Requirements**

Federal program information:

Funding agency:	U.S. Department of Housing and Urban Development
Title:	Low-Rent Public Housing Program
CFDA number:	14.850

*Condition:* The Authority's Financial Statements for FY 2008 were not reported using project based reporting.

*Criteria:* Title 24 CFR 990 Subpart H Section 990.285 Records and Reports states that:

- (a) Each PHA shall maintain project-based budgets and fiscal year-end financial statements prepared in accordance with GAAP and shall make these budgets and financial statements available for review upon request by interested members of the public
- (b) Each PHA shall distribute the project-based budgets and fiscal year-end financial statements to the Chairman and to each member of the PHA Board of Commissioners and to such other state and local public officials as HUD may specify.
- (c) Some or all of the project-based budgets and financial statements and information shall be required to be submitted to HUD in a manner and time prescribed by HUD.

*Effect:* The Financial Statements for the Housing Authority are unable to be reported by project.

*Cause:* The Authority has not separated their Low Income Housing Fund expenses by project on the Trial Balance received by the Authority's auditors.

*Auditors' Recommendations:* The Authority should ensure that their books of record are maintained with separate funds for each project in order to make reporting by project possible on the Authority's Financial Statements.

*Management's Response:* Gallup Housing Authority has worked diligently to evolve a true project based accounting system. Past administration had begun trying to build this and found it to problematic to do so with our current 14 year old software and doing so caused many problems and system failures, most likely causing a few of the findings in this report.

Due to budgetary shortfalls of the past and unavailability of Capital Fund monies, (3 years of un-accessible funds), Gallup Housing Authority could not upgrade during the course of FY 2008. I have secured CFP monies and have taken steps to stabilize our current system, both hardware and software. We are currently replacing all hardware, as well as beginning to replace our Public Housing software, which will begin in July 2009 and will be running "live" the first week of August.

**FA 08-02--Audit Report Submission of Data Collection Form and Reporting Package**

Federal program information:

Funding agency:	All
Title:	All
CFDA number:	All

*Condition:* The June 30, 2008 data collection form and reporting package were not submitted to the Federal Audit Clearinghouse by the required date.



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*Criteria:* OMB Circular A-133 requires that the audit shall be completed and the data collection form and reporting package shall be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

*Questioned Costs:* None.

*Effect:* The result was the late submission of the Authority's audit report for the year ended June 30, 2008, and the Authority is not in compliance with Federal and State requirements.

*Cause:* The Authority did not provide a trial balance and required audit documentation timely so that the audit could be completed by December 1, 2008. The Authority had suffered a network crash and had some members of management leave that caused a delay in the audit and financial statement process.

*Auditor's Recommendation:* The Authority must ensure maintenance of appropriate maintenance of records and information systems to ensure that the audit process can be completed successfully. We recommend an upgrade of the Authority's financial software to avoid future problems causing a delay of the audit process.

*Management's Response:* In early July 2008 this Agency had a major, verifiable network "crash" which caused this Agency to close its doors for one (1) week to become functional, and three (3) weeks to rebuild and secure data. As of June 30, 2008, the Executive Director and the bookkeeper had been on the job 3 months and 2 months respectively with very little training on our software. Also during this period we were trying to force our 14 year old software to a project based system, which in turn caused many more problems than solutions.

**Section III – Prior Year Audit Findings**

FS-07-01 – Pledged Collateral, Cleared

**Section IV – Other Disclosures**

Auditor Prepared Financials

The financial statements presented in this report were prepared by the auditors, Griego Professional Services, LLC.

Exit Conference

The contents of this report were discussed on May 12, 2009. The following individuals were in attendance:

Gallup Housing Authority Officials  
Danny Garcia, Executive Director

Griego Professional Services, LLC  
J.J. Griego, CPA

**OTHER SUPPLEMENTAL INFORMATION**

**Gallup Housing Authority - Audit FYE 6/30/08**  
**Financial Data Schedule**

Line Item No.		NM006000001	NM006000002	NM006000003	Total Projects	Central Office Cost Center
	<b>ASSETS</b>					
	<b>CURRENT ASSETS:</b>					
	<b>Cash:</b>					
111	Cash - Unrestricted	\$ 4,453	\$ 753	\$ 1,066	\$ 6,272	\$ 6,497
100	<b>Total Cash</b>	\$ -	\$ -	\$ -	\$ 6,272	\$ 6,497
	<b>Accounts and Notes Receivables:</b>					
121	<b>Accounts Receivable - PHA Projects</b>	\$ -	\$ -	\$ -	\$ -	\$ 77,068
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	13,191	-	3,904	17,095	29,561
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(5,441)	-	-	(5,441)	-
126.2	Allowance for Doubtful Accounts- Other	-	-	-	-	-
120	<b>Total Receivables, Net of Allowance for Doubtful Accounts</b>	\$ 7,750	\$ -	\$ 3,904	\$ 11,654	106,629
	<b>Current Investments:</b>					
142	Prepaid Expenses and Other Assets	\$ 10,836	\$ 1,679	\$ 2,595	\$ 15,110	153
143	Inventories	-	-	-	-	9,880
145	Assets Held for Sale	-	-	-	-	-
140	Amounts to be provided	-	-	-	-	-
150	<b>Total Current Assets</b>	\$ 18,586	\$ 1,679	\$ 6,499	\$ 33,036	123,159
	<b>NONCURRENT ASSETS:</b>					
	<b>Fixed Assets:</b>					
161	Land	\$ 1,486,872	\$ 75,593	\$ 116,825	\$ 1,679,290	6,872
162	Buildings	5,916,947	897,287	1,785,228	8,599,462	1,548,459
163	Furniture, Equipment & Machinery - Dwellings	210,992	35,661	50,519	297,172	-
164	Furniture, Equipment & Machinery - Administration	68,888	11,214	16,021	96,123	165,529
166	Accumulated Depreciation	(2,965,206)	(419,139)	(942,650)	(4,326,995)	(1,653,019)
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	\$ 4,718,493	\$ 600,616	\$ 1,025,943	\$ 6,345,052	67,841
180	<b>Total Non Current Assets</b>	\$ 4,718,493	\$ 600,616	\$ 1,025,943	\$ 6,345,052	67,841
190	<b>Total Assets</b>	\$ 4,737,079	\$ 602,295	\$ 1,032,442	\$ 6,378,088	191,000

**LIABILITIES AND EQUITY:****LIABILITIES:****Current Liabilities:**

312	Accounts Payable <= 90 Days	\$ 10,493	\$ 1,678	\$ 1,103	\$ 13,274	2,822
321	Accrued Wage/Payroll Taxes Payable	1,098	186	263	1,547	1,547
322	Accrued Compensated Absences - Current Portion	1,365	231	327	1,923	1,922
341	Tenant Security Deposits	24,745	3,490	2,635	30,870	
342	Deferred Revenue	-	-	139	139	
345	Other Current Liabilities	40,504	13,920	12,780	67,204	
347	Interprogram Due To	-	-	-	-	
<b>310</b>	<b>Total Current Liabilities</b>	<b>\$ 78,205</b>	<b>\$ 19,505</b>	<b>\$ 17,247</b>	<b>\$ 114,957</b>	<b>6,291</b>

**Non-Current Liabilities**

354	Accrued Compensated Absences - Noncurrent	\$ 2,724	\$ 460	\$ 652	\$ 3,836	3,837
355	Loan Liability- Non Current	-	-	-	-	
353	Non-Current Liabilities- Other	-	-	-	-	
350	<b>Total Noncurrent Liabilities</b>	<b>\$ 2,724</b>	<b>\$ 460</b>	<b>\$ 652</b>	<b>\$ 3,836</b>	<b>\$ 3,837</b>

<b>300</b>	<b>Total Liabilities</b>	<b>\$ 80,929</b>	<b>\$ 19,965</b>	<b>\$ 17,899</b>	<b>\$ 118,793</b>	<b>10,128</b>
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**EQUITY/NET ASSETS:**

501	Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
502	Project Notes (HUD)	-	-	-	-	-
503	Long-Term Debt- HUD Guaranteed	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-
507	Other Contributions	-	-	-	-	-
508	Total Contributed Capital	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	4,718,493	600,616	1,025,943	6,345,052	67,841

**Reserved Fund Balance:**

509	Fund Balance Reserved for Operating Activities	\$ -	\$ -	\$ -	\$ -	\$ -
510	Fund Balance Reserved for Capital Activities	-	-	-	-	-
511	<b>Total Reserved Fund Balance</b>	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-
512	Unsignated Fund Balance/ Retained Earnings	-	-	-	-	-
512.1	Unrestricted Net Assets	(57,890)	(17,672)	(10,195)	(85,757)	113,031
<b>513</b>	<b>Total Equity/Net Assets</b>	<b>\$ 4,660,603</b>	<b>\$ 582,944</b>	<b>\$ 1,015,748</b>	<b>\$ 6,259,295</b>	<b>180,872</b>

<b>600</b>	<b>Total Liabilities and Equity/Net Assets</b>	<b>\$ 4,741,532</b>	<b>\$ 602,909</b>	<b>\$ 1,033,647</b>	<b>\$ 6,378,088</b>	<b>\$ 191,000</b>
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**Gallup Housing Authority - Audit FYE 6/30/08**  
**Financial Data Schedule**

<b>REVENUE:</b>						
703	Net Tenant Rental Revenue	\$	300,754	\$	75,495	\$ 32,667 \$ 408,916 -
704	Tenant Revenue - Other		6,193		-	6,193 -
705	<b>Total Tenant Revenue</b>	\$	<u>306,947</u>	\$	<u>75,495</u>	\$ <u>32,667</u> \$ <u>415,109</u> -
706	HUD PHA Operating Grants	\$	345,121	\$	58,330	\$ 82,635 \$ 486,086 22,041
706.1	Capital Grants		-		-	- -
707.2	Asset Management Fee		-		-	- 77,068
708	Other Governmental Grants		-		-	- -
711	Investment Income - Unrestricted		-		-	- -
712	Mortgage Interest Income		-		-	- -
713	Proceeds from Disposition of Assets Held for Sale		-		-	- -
713.1	Cost of Sale of Assets		-		-	- -
714	Fraud Recovery		-		-	- -
715	Other Revenue		38,187		5,273	8,001 51,461 1,450
716	Gain/Loss on Sale of Fixed Assets		-		-	- -
720	Investment Income- Restricted		-		-	- -
700	<b>Total Revenue</b>	\$	<u>690,255</u>	\$	<u>139,098</u>	\$ <u>123,303</u> \$ <u>952,656</u> <u>100,559</u>
<b>EXPENSES:</b>						
<b>Administrative:</b>						
911	Administrative Salaries	\$	56,278	\$	12,739	\$ 16,966 85,983 76,321
912	Auditing Fees		-		-	- 2,431
913	Outside Management Fees		-		-	- -
914	Compensated Absences		-		-	- -
915	Employee Benefit Contributions - Administrative		32,918		3,840	8,778 45,536 9,327
916	Office Expenses		15,218		3,472	3,847 22,537 14,912
917	Legal Expense		-		-	- 1,233
918	Travel		-		-	- 2,550
919	Other		2,162		515	618 3,295 14,638
920	Asset Management Fee		50,368		13,920	12,780 77,068 -
922	Relocation Cost		-		-	- -
923	Employee Benefit Contributions - Tenant Services		-		-	- -
924	Tenant Services - Other		-		-	- -
<b>Utilities:</b>						
931	Water		36,905		4,078	6,118 47,101 8,872
932	Electricity		37,232		9,434	2,653 49,319 11,139
933	Gas		98,712		12,144	9,909 120,765 -
936	Sewer		22,664		2,145	1,488 26,297 3,789
938	Other Utilities Expense		7,102		-	- 7,102 -

	<b>Ordinary Maintenance &amp; Operation:</b>					
941	Ordinary Maintenance & Operation - Labor	120,782	6,710	35,228	162,720	5,033
942	Ordinary Maintenance & Operation - Materials & Other	45,801	2,936	1,174	49,911	8,808
943	Ordinary Maintenance & Operation - Contract Costs	37,773	5,246	5,246	48,265	4,197
945	Employee Benefit Contributions - Ordinary Maintenance	35,661	4,160	9,510	49,331	10,104
951	Protective Services- Labor	-	-	-	-	-
952	Protective Services- Other Contract Cost	-	-	-	-	-
953	Protective Services- Other	-	-	-	-	-
955	Employee Benefit Contributions- Protective Services	-	-	-	-	-
	<b>General Expenses:</b>					
961	Insurance Premiums	58,593	4,578	13,733	76,904	14,648
962	Other General Expenses	25,109	3,045	5,281	33,435	96
963	Payment in Lieu of Taxes	1,365	231	327	1,923	-
964	Bad Debt - Tenant Rents	-	-	-	-	-
965	Bad Debt- Mortgages	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-
967	Interest Expenses	-	-	-	-	-
968	Severance Expenses	-	-	-	-	-
969	<b>Total Operating Expenses</b>	<u>684,643</u>	<u>89,193</u>	<u>133,656</u>	<u>907,492</u>	<u>188,098</u>
<b>970</b>	<b>Excess Operating Revenue Over Operating Expenses</b>	<b>\$ 5,612</b>	<b>\$ 49,905</b>	<b>\$ (10,353)</b>	<b>\$ 45,164</b>	<b>(87,539)</b>
	<b>Other Expenses:</b>					
971	Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
972	Casualty Losses - Non-Capitalized	-	-	-	-	-
973	Housing Assistance Payments	-	-	-	-	-
974	Depreciation Expense	102,640	14,370	32,845	149,855	-
975	Fraud Losses	-	-	-	-	-
976	Capital Outlay- Governmental Funds	-	-	-	-	-
977	Debit Principal Payment- Governmental Funds	-	-	-	-	-
978	Dwelling Unit Rent Expenses	-	-	-	-	-
<b>900</b>	<b>Total Expenses</b>	<b>\$ 787,283</b>	<b>\$ 103,563</b>	<b>\$ 166,501</b>	<b>\$ 1,057,347</b>	<b>188,098</b>

<b>Other Financing Sources:</b>						
1001	Operating Transfers In	\$ -	\$ -	\$ -	\$ -	-
1002	Operating Transfers Out	-	-	-	-	-
1003	Operating Transfers from/to Primary Government	-	-	-	-	-
1004	Operating Transfers from/to Component Unit	-	-	-	-	-
1005	Proceeds from Notes, Loans and Bonds	-	-	-	-	-
1006	Proceeds from Property Sales	-	-	-	-	-
1007	Extraordinary Items (Net gain/ loss)	-	-	-	-	-
1008	Special Items (Net gain/loss)	-	-	-	-	-
1010	Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
1001	Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
1002	Operating Transfers Out	-	-	-	-	-
1010	Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>1000</b>	<b>Excess (Deficiency) of Operating Revenue Over (Under) Expenses</b>	<b>\$ (97,028)</b>	<b>\$ 35,535</b>	<b>\$ (43,198)</b>	<b>\$ (104,691)</b>	<b>(87,539)</b>
<b>Memo Account Information:</b>						
1101	Capital Outlays- Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -
1102	Debt Principal Payments- Enterprise Funds	-	-	-	-	-
1103	Beginning Equity	4,757,631.00	547,409.00	1,058,946.00	6,363,986.00	-
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
1105	Changes in Compensated Absences Balance	-	-	-	-	-
1106	Changes in Comntingent Liability Balance	-	-	-	-	-
1107	Changes in Unrecognized Pension Tension Liability	-	-	-	-	-
1108	Changes in Special Term/Severence Benefits Liability	-	-	-	-	-
1109	Changes in Allowance for Doubtful Accounts- Dwelling Rents	-	-	-	-	-
1110	Changes in Allowance for Doubtful Accounts- Other	-	-	-	-	-
1112	Depreciation Add Back	-	-	-	-	-
1113	Maximum Annual Contributions Commitment	-	-	-	-	-
1115	Project Reserve	-	-	-	-	-
1116	Total Annual Contributions Available	-	-	-	-	-
1117	Administrative Fee Equity	-	-	-	-	-
1118	Housing Assistance Payments Equity	-	-	-	-	-
1120	Unit Months Available	2,304.00	348.00	552.00	3,204.00	-
1121	Number of Unit Months Leased	1,440.00	336.00	168.00	1,944.00	-