

**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, 2009**



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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY**

**Board of Commissioners and Management
June 30, 2009**

Commissioner, Chairperson	Gumi Garcia
Commissioner, Vice-Chairperson	John Baca
Commissioner	Martin Neal
Commissioner, Resident	Jonathan Todachine
Commissioner	Dan Diaz
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, 2009

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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, 2009, 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.

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.

In our opinion, the financial statements referred to above 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, 2009, 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 November 10, 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 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.

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For the year ended June 30, 2009, 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
November 10, 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, 2009

Exhibit A

ASSETS

Current assets:

Cash and cash equivalents	\$	273,423
Accounts receivable - tenants, net of allowance for doubtful accounts of \$24,122		60,920
Accounts receivable - Other		-
Due from other governments		2,527
Inventory		12,581
Prepaid expenses		-
<i>Total current assets</i>		349,451

Noncurrent assets:

Restricted cash and cash equivalents		37,772
Land, Structures and equipment, net of accumulated depreciation		6,232,888
<i>Total noncurrent assets</i>		6,270,660

<i>Total assets</i>	\$	6,620,111
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LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	\$	21,874
Accrued salaries and benefits		10,106
Deferred Revenue		328
Other current liabilities		16,196
Compensated absences, current amounts		3,423
<i>Total current liabilities (payable from current assets)</i>		51,927

Current liabilities (payable from restricted assets)

Tenant deposits		37,772
<i>Total current liabilities (payable from restricted assets)</i>		37,772

Non-current liabilities :

Compensated absences, net of current amounts		55,899
--	--	--------

<i>Total liabilities</i>		145,598
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NET ASSETS

Invested in capital assets		6,232,888
Unrestricted		241,625

<i>Total net assets</i>		6,474,513
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<i>Total liabilities and net assets</i>	\$	6,620,111
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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, 2009

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 556,162
Miscellaneous	4,993
	<u>561,155</u>
 <i>Total operating revenues</i>	
	<u>561,155</u>
 <i>Operating expenses:</i>	
Administration	542,572
Tenant services	160
Utilities	277,794
Ordinary maintenance and operations	454,170
Protective services	87,821
General	27,558
Depreciation	187,599
	<u>1,577,674</u>
 <i>Total operating expenses</i>	
	<u>1,577,674</u>
 <i>Operating loss</i>	 <u>(1,016,519)</u>
 <i>Non-operating revenues(expenses):</i>	
Interest income	5,026
Operating grants	1,004,798
Capital grants	23,450
Housing assistance payments	(83,312)
	<u>949,962</u>
 <i>Total non-operating revenues</i>	
	<u>949,962</u>
 <i>Change in net assets</i>	 (66,557)
 <i>Total net assets - beginning of year</i>	 <u>6,541,070</u>
 <i>Total net assets - end of year</i>	 <u>\$ 6,474,513</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, 2009

Exhibit C

	<u>Net Assets Invested in Capital Assets</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>
Balance June 30, 2008	\$ 6,412,893	\$ 128,177	\$ 6,541,070
Net change in net assets for the year ended June 30, 2008	<u>(180,005)</u>	<u>113,448</u>	<u>(66,557)</u>
Balance June 30, 2009	<u>\$ 6,232,888</u>	<u>\$ 241,625</u>	<u>\$ 6,474,513</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, 2009

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 633,908
Cash paid to suppliers and employees	<u>(1,382,931)</u>
<i>Net cash (used) by capital financing activities</i>	<u>(749,023)</u>
 <i>Cash flows used by noncapital financing activities:</i>	
Intergovernmental HUD subsidy	1,028,248
Housing assistance payments	<u>(83,312)</u>
<i>Net cash provided by noncapital financing activities</i>	<u>944,936</u>
 <i>Cash flows used by capital financing activities:</i>	
Construction in Progress	<u>(23,450)</u>
<i>Net cash provided by capital financing activities</i>	<u>(23,450)</u>
 <i>Cash flows from investing activities:</i>	
Interest received	<u>5,026</u>
<i>Net cash provided by investing activities</i>	<u>5,026</u>
<i>Net (decrease) in cash and cash equivalents</i>	177,489
<i>Cash and cash equivalents - beginning of year</i>	<u>133,706</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 311,195</u></u>
 <i>Reconciliation of operating (loss) to net cash</i>	
<i>(used) by operating activities:</i>	
Operating (loss)	\$ (1,016,519)
Adjustments to reconcile operating (loss)	
to net cash (used) by operating activities:	
Depreciation	187,599
Depreciation- Other Project-Transferred to overhead in Project 1-	15,856
(Increase) decrease in:	
Accounts receivable	56,557
Prepaid expenses	15,441
Inventory	(2,701)
Increase (decrease) in:	
Accounts payable	(93,362)
Accrued expenses	24,107
Deferred revenue	16,196
Compensated absences	<u>47,803</u>
<i>Net cash (used) by operating activities</i>	<u><u>\$ (749,023)</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, 2009

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.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

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

Accrued Expenses

Accrued expenses are comprised of accrued salaries, wages, related employment taxes and current maturities of compensated absences, discussed more fully below.

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.

Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction and improvement of the assets: debt related to the unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as: lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

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.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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.

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, 2009.

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. This coverage has increased to \$250,000 for time and savings deposits as well as demand deposits until December 31, 2013. Additionally, until December 31, 2009, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

	First Community Bank	Pinnacle Bank	Wells Fargo Bank	Total
Total amounts of deposits	\$ 17,612	\$ 324,902	\$ 100	\$ 342,614
FDIC coverage	<u>(17,612)</u>	<u>(250,000)</u>	<u>(100)</u>	<u>(267,712)</u>
Total uninsured public funds	<u>\$ —</u>	<u>\$ 74,902</u>	<u>\$ —</u>	<u>\$ 74,902</u>
Collateral requirement (50% of uninsured public funds)	—	37,451	—	37,451
Pledged security	<u>—</u>	<u>37,451</u>	<u>—</u>	<u>37,451</u>
Over/(Under)-collateralized	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

At June 30, 2009, the carrying amount of the Authority's deposits was \$310,970 and the respective balances per the financial institutions totaled \$342,614. Of this balance, \$267,712 was covered by federal depository insurance. The remaining amount of \$37,451 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, 2009, \$37,451 of the Authority's bank balance of \$342,614 was exposed to custodial credit risk. \$37,451 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, 2009, are as follows:

	Accounts Receivable	Allowance	Net
Accounts receivable – Tenants	\$ 85,042	\$ 24,122	\$ 60,920
Accounts receivable – Other governments	<u>2,527</u>	<u>—</u>	<u>2,527</u>
	<u>\$ 87,569</u>	<u>\$ 24,122</u>	<u>\$ 63,447</u>

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009.

Note 5 Land, structures and equipment

	<u>Balance</u> <u>06/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/2009</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 1,686,162	—	—	—	\$ 1,686,162
Construction in Progress	<u>—</u>	<u>23,450</u>	<u>—</u>	<u>—</u>	<u>23,450</u>
Net Capital Assets, Not Being Depreciated:	<u>1,686,162</u>	<u>23,450</u>	<u>—</u>	<u>—</u>	<u>1,709,612</u>
Capital Assets, Being Depreciated:					
Buildings	10,147,921	—	—	—	10,147,921
Dwelling Equipment	297,172	—	—	—	297,172
Administration Equipment	<u>276,454</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>276,454</u>
Subtotal Governmental Activities	<u>12,407,709</u>	<u>23,450</u>	<u>—</u>	<u>—</u>	<u>12,431,159</u>
Accumulated Depreciation:					
Buildings	(5,750,124)	(187,600)	—	297,171	(5,640,553)
Dwelling Equipment	—	—	—	(297,171)	(297,171)
Administration Equipment	<u>(244,691)</u>	<u>(15,856)</u>	<u>—</u>	<u>—</u>	<u>(260,546)</u>
Total Accumulated Depreciation	<u>(5,994,815)</u>	<u>(203,456)</u>	<u>—</u>	<u>—</u>	<u>(6,198,271)</u>
Net Book Value	<u>\$ 6,412,893</u>	<u>\$ (203,456)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,232,888</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, 2009, totaled \$203,456. Of this amount \$15,856 was in the ‘Other Project’ and per HUD requirements, was allocated to overhead expense in Projects 1-3.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 \$62,788 and decreases (deletions) of \$18,606, resulting in a net increase of \$47,803 (\$11,519 at June 30, 2008 to \$59,233 at June 30, 2009) during the year ended June 30, 2009. The amount of this liability due within one year is \$3,423.

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.

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, 2009, 2008, and 2007 were \$36,959, \$38,847, and \$42,740. Employee contributions for the year ended June 30, 2009, 2008, and 2007 were \$53,116, \$55,830, and \$61,425. 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.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 9 Post Employment Benefits (Continued)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's

RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 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.

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, 2009, 2008, and 2007 were \$5,251, \$5,287, and \$6,072, 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.

Note 11 Concentrations

65% 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 2007, the GASB issued Statement No. 51, *Accounting and financial Reporting for Intangible Assets*, which is effective for financial statements for periods beginning after June 15, 2009. This statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The Authority is analyzing the effect that this standard will have on its financial statements.

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

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

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

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, 2009

	Low-Rent Public	
ASSETS	Project 1 14.850	Project 2 14.850
<i>Current assets:</i>		
Cash and cash equivalents	\$ 84,252	\$ 19,105
Accounts receivable - tenants, net of allowance for doubtful accounts of \$24,122	50,196	6,573
Accounts receivable - Other	-	-
Due from other governments	1,429	1,098
Inventory	9,058	1,384
Prepaid expenses	-	-
<i>Total current assets</i>	144,935	28,160
<i>Restricted assets:</i>		
Cash and cash equivalents	30,307	3,962
Land, structures and equipment, net of accumulated depreciation	4,616,292	580,859
<i>Total assets</i>	\$4,791,534	\$ 612,981
LIABILITIES AND NET ASSETS		
<i>Current liabilities (payable from current assets):</i>		
Accounts payable	19,190	1,862
Accrued salaries & benefits	7,276	1,112
Deferred revenue	328	-
Other current liabilities	11,661	1,782
Compensated absences, current portion	1,812	349
<i>Total current liabilities (payable from current assets)</i>	40,267	5,105
<i>Current liabilities (payable from restricted assets)</i>		
Tenant deposits	30,307	3,962
<i>Total current liabilities (payable from restricted assets)</i>	30,307	3,962
<i>Non-current liabilities :</i>		
Compensated absences, net of current portion	29,591	5,699
<i>Total liabilities</i>	100,165	14,766
<i>Net assets:</i>		
Net assets invested in capital assets, net of related debt	4,616,292	580,859
Unrestricted net assets	75,077	17,356
<i>Total Net assets</i>	4,691,369	598,215
<i>Total liabilities and net assets</i>	\$4,791,534	\$ 612,981

The accompanying notes are an integral part of these financial statements

<u>Housing Program</u>		Total Low-Rent Public Housing Program	Section 8	Total
<u>Project 3</u>	<u>Other Project</u>	<u>14.850</u>	<u>14.871</u>	
<u>14.850</u>	<u>14.850</u>			
\$ 52,025	\$ 17,474	\$ 172,856	\$ 100,567	\$ 273,423
4,151	-	60,920	-	60,920
-	-	-	-	-
-	-	2,527	-	2,527
2,139	-	12,581	-	12,581
-	-	-	-	-
<u>58,315</u>	<u>17,474</u>	<u>248,884</u>	<u>100,567</u>	<u>349,451</u>
3,503	-	37,772	-	37,772
<u>983,751</u>	<u>51,986</u>	<u>6,232,888</u>	<u>-</u>	<u>6,232,888</u>
<u>\$1,045,569</u>	<u>\$ 69,460</u>	<u>\$ 6,519,544</u>	<u>\$ 100,567</u>	<u>\$6,620,111</u>
722	100	21,874	-	\$ 21,874
1,718	-	10,106	-	10,106
-	-	328	-	328
2,753	-	16,196	-	16,196
185	1,002	3,348	75	3,423
<u>5,378</u>	<u>1,102</u>	<u>51,852</u>	<u>75</u>	<u>51,927</u>
<u>3,503</u>	<u>-</u>	<u>37,772</u>	<u>-</u>	<u>37,772</u>
<u>3,503</u>	<u>-</u>	<u>37,772</u>	<u>-</u>	<u>37,772</u>
3,017	16,372	54,679	1,220	55,899
<u>11,898</u>	<u>17,474</u>	<u>144,303</u>	<u>1,295</u>	<u>145,598</u>
983,751	51,986	6,232,888	-	6,232,888
<u>49,920</u>	<u>-</u>	<u>142,353</u>	<u>99,272</u>	<u>241,625</u>
<u>1,033,671</u>	<u>51,986</u>	<u>6,375,241</u>	<u>99,272</u>	<u>6,474,513</u>
<u>\$1,045,569</u>	<u>\$ 69,460</u>	<u>\$ 6,519,544</u>	<u>\$ 100,567</u>	<u>\$6,620,111</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 STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2008

	Low-Rent Public	
	Project 1	Project 2
	14,850	14,850
<i>Operating revenues:</i>		
Charges for services	\$ 426,415	\$ 84,067
Miscellaneous	2,524	-
	<u>428,939</u>	<u>84,067</u>
<i>Operating expenses:</i>		
Administration	362,947	71,466
Tenant services	107	24
Utilities	231,471	21,099
Ordinary maintenance and operations	327,366	64,960
Protective services	64,454	11,280
General	14,254	314
Housing assistance payments	-	-
Depreciation	120,537	22,432
	<u>1,121,136</u>	<u>191,575</u>
<i>Operating Income/(loss)</i>	<u>(692,197)</u>	<u>(107,508)</u>
<i>Non-operating revenues (expenses):</i>		
Interest income	3,563	-
Operating grants	716,957	83,865
Capital grants	18,336	2,676
Equity transfers in (out)	-	38,666
	<u>738,856</u>	<u>125,207</u>
<i>Income (loss) before contributions</i>	<u>46,659</u>	<u>17,699</u>
<i>Total net assets - beginning of year</i>	<u>4,644,710</u>	<u>580,516</u>
<i>Total net assets - end of year</i>	<u>\$ 4,691,369</u>	<u>\$ 598,215</u>

The accompanying notes are an integral part of these financial statements

Housing Program		Total Low-Rent Public Housing Program	Section 8	Total
Project 3 14.850	Other Project 14.850	14.850	14.871	
\$ 45,680	\$ -	\$ 556,162	\$ -	\$ 556,162
-	-	2,524	2,469	4,993
<u>45,680</u>	<u>-</u>	<u>558,686</u>	<u>2,469</u>	<u>561,155</u>
89,100	-	523,513	19,059	542,572
29	-	160	-	160
25,224	-	277,794	-	277,794
61,844	-	454,170	-	454,170
11,805	-	87,539	282	87,821
4,665	-	19,233	8,325	27,558
-	-	-	83,312	83,312
<u>44,630</u>	<u>-</u>	<u>187,599</u>	<u>-</u>	<u>187,599</u>
<u>237,297</u>	<u>-</u>	<u>1,550,008</u>	<u>110,978</u>	<u>1,660,986</u>
<u>(191,617)</u>	<u>-</u>	<u>(991,322)</u>	<u>(108,509)</u>	<u>(1,099,831)</u>
74	-	3,637	1,389	5,026
120,556	-	921,378	83,420	1,004,798
2,438	-	23,450	-	23,450
<u>90,221</u>	<u>(128,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>213,289</u>	<u>(128,887)</u>	<u>948,465</u>	<u>84,809</u>	<u>1,033,274</u>
<u>21,672</u>	<u>(128,887)</u>	<u>(42,857)</u>	<u>(23,700)</u>	<u>(66,557)</u>
<u>1,011,999</u>	<u>180,873</u>	<u>6,418,098</u>	<u>122,972</u>	<u>6,541,070</u>
<u>\$ 1,033,671</u>	<u>\$ 51,986</u>	<u>\$ 6,375,241</u>	<u>\$ 99,272</u>	<u>\$ 6,474,513</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	\$ 1	\$ 1
Total First Federal Bank		<u>\$ 1</u>	<u>\$ 1</u>
Pinnacle Bank			
Operational		\$ 183,216	\$ 154,962
Section 8		\$ 104,009	\$ 100,567
Security Deposit	Checking	<u>\$ 37,677</u>	<u>\$ 37,728</u>
Total Pinnacle Bank		<u>\$ 324,902</u>	<u>\$ 293,258</u>
Wells Fargo			
Comp Grant	Checking	<u>\$ 100</u>	<u>\$ 100</u>
Total Wells Fargo		<u>\$ 100</u>	<u>\$ 100</u>
First Community Bank			
Business Checking	Checking	<u>\$ 17,611</u>	<u>\$ 17,611</u>
Total First Community Bank		<u>\$ 17,611</u>	<u>\$ 17,611</u>
Petty Cash			<u>225</u>
Total Cash - June 30, 2008			<u><u>\$ 311,195</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
SCHEDULE OF DEPOSITORY COLLATERAL
PUBLIC FUNDS
JUNE 30, 2009

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009
Pinnacle Bank	FHLMC Notes 1T5, CUSIP 3128X8YR7 03, Maturity Date of 10-29-2012, 2.250%	2,000,000
Total pledged securities		<u>\$ 2,000,000</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, 2009, and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 08-05, 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 items FS 08-01 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
November 10, 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, 2009. 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.

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.

In our opinion, 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, 2009. The results of our auditing procedures disclosed no instances of non-compliance with those requirements which are required to be reported in accordance with OMB Circular A-133.

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

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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.

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
November 10, 2009

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

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	921,378
Section 8 Housing Choice Vouchers	14.871	83,420
	14.872	<u>23,450</u>
Total U.S. Department of Housing and Urban Development		<u>1,028,248</u>
Total Federal Financial Assistance		<u>\$ 1,028,248</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	\$	1,028,248
Total expenditures funded by other sources		<u>632,738</u>
Total expenditures	\$	<u>1,660,986</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, 2009

Schedule IV

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

- | | | | | | |
|--|---------------------------------|------------------------|--------|---------------------------------|--|
| 1. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiency identified not considered to be material weaknesses? | No | | | | |
| c. Control deficiency identified not considered to be significant deficiency? | No | | | | |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CFDA</u>
<u>Number</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">14.850</td> <td style="text-align: center;">Low-Rent Public Housing Program</td> </tr> </table> | <u>CFDA</u>
<u>Number</u> | <u>Federal Program</u> | 14.850 | Low-Rent Public Housing Program | |
| <u>CFDA</u>
<u>Number</u> | <u>Federal Program</u> | | | | |
| 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, 2009

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, 2009 was submitted to the State Auditor by the required due date, December 1, 2009, however, the report was rejected and had to be resubmitted at a date subsequent to the deadline.

Criteria: Audit reports rejected and not resubmitted before the due date are considered to be late submissions under 2.2.2.9.E of the State Audit Rule.

Effect: The result was the late submission of the Agency's audit report for the year ended June 30, 2009.

Cause: Due to a misclassification within the cash flow statement the Authority's audit report was rejected and had to be resubmitted to the State Auditor after the December 1, 2009 deadline.

Auditors' Recommendations: The Authority and their auditor should ensure through thorough review that items are properly classified on financial statements.

Management's Response: In addition to a more thorough review by the auditor to ensure items are properly classified, the Authority will work with the auditor and its contract fee accountants to ensure a more timely filing, so that if problems occur that they do not cause a resubmission after the deadline.

FS 08-05—Lack of Supporting Documentation, Travel

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 to allow for proper testing of controls in this area. The items to be tested had a total value of \$2,404.53.

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

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

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

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

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

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, 2009

Schedule IV

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.

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

FS 08-07 — 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: The Authority was unaware that procuring an outside Fee Accountant was not a generally accepted practice. The Executive Director understands most basic principles, as well as the diligence needed to assure good stewardship of our public funds. Both the Executive Director and Bookkeeper can without hesitation develop the financial information.

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, 2009

Schedule IV

Section II – Federal Award Findings and Questioned Costs

None

Section III – Prior Year Audit Findings

FS 08-01 – Audit Report Not Submitted Timely, Repeated- Revised
FS 08-02 – Bank Reconciliations, Cleared
FS 08-03 – Tenant Deposits, Cleared
FS 08-04 – Lack of Supporting Documentation-Payroll, Cleared
FS 08-05 – Lack of Supporting Documentation-Travel, Repeated
FS 08-06 – Internal Control Deficiencies, Repeated
FS 08-07 – Internal Control over Financial Reporting, Repeated
FA 08-01 – Project Based Requirements, Cleared
FA 08-02 – Audit Report Submission of Data Collection Form and Reporting Package, 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 November 30, 2009. The following individuals were in attendance:

Gallup Housing Authority Officials
Danny Garcia, Executive Director
Gumi Garcia, Chairperson

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

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OTHER SUPPLEMENTAL INFORMATION

Entity Wide Balance Sheet Summary

NM006 06/30/2009 Unaudited/A-133

	NM006000001	NM006000002	NM006000003	Other Project	Project Total	14,871	Total
111 Cash - Unrestricted	84,252	19,105	52,025	17,474	172,856	25,342	198,198
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	75,225	75,225
114 Cash - Tenant Security Deposits	30,307	3,962	3,503	-	37,772	-	37,772
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100 Total Cash	114,559	23,067	55,528	17,474	210,628	-	210,628
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-
122-020 Accounts Receivable- HUD other projects- Capital fund	1,429	1,098	-	-	2,527	-	2,527
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
126 Accounts Receivable - Tenants	69,616	6,885	8,541	-	85,042	-	85,042
126.1 Allowance for Doubtful Accounts -Tenants	(19,420)	(312)	(4,390)	-	(24,122)	-	(24,122)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	51,625	7,671	4,151	-	63,447	-	63,447
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-	-	-
143 Inventories	9,058	1,384	2,139	-	12,581	-	12,581
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	175,242	32,122	61,818	17,474	286,656	-	286,656

The accompanying notes are an integral part of these financial statements

161 Land	1,486,872	75,593	116,825	6,872	1,686,162	-	1,686,162
162 Buildings	5,916,947	897,287	1,785,228	1,548,459	10,147,921	-	10,147,921
163 Furniture, Equipment & Machinery - Dwellings	210,992	35,661	50,519		297,172	-	297,172
164 Furniture, Equipment & Machinery - Administration	68,888	11,214	16,021	165,529	261,652	14,802	276,454
165 Leasehold Improvements					-	-	-
166 Accumulated Depreciation	(3,085,743)	(441,572)	(987,280)	(1,668,874)	(6,183,469)	(14,802)	(6,198,271)
167 Construction in Progress	18,336	2,676	2,438		23,450	-	23,450
168 Infrastructure					-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	4,616,292	580,859	983,751	51,986	6,232,888	-	6,232,888
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	4,616,292	580,859	983,751	51,986	6,232,888	-	6,232,888
190 Total Assets	4,791,534	612,981	1,045,569	69,460	6,519,544	-	6,519,544

The accompanying notes are an integral part of these financial statements

311 Bank Overdraft	19,190	1,862	722	100	21,874	-	21,874
312 Accounts Payable <= 90 Days					-	-	-
313 Accounts Payable >90 Days Past Due	7,276	1,112	1,718		10,106	-	10,106
321 Accrued Wage/Payroll Taxes Payable	1,812	349	185	1,002	3,348	-	3,348
322 Accrued Compensated Absences - Current Portion					-	75	75
324 Accrued Contingency Liability					-	-	-
325 Accrued Interest Payable					-	-	-
331 Accounts Payable - HUD PHA Programs					-	-	-
332 Account Payable - PHA Projects					-	-	-
333 Accounts Payable - Other Government					-	-	-
341 Tenant Security Deposits	30,307	3,962	3,503		37,772	-	37,772
342-010 Deferred Revenue-Capital Fund	11,661	1,782	2,753		16,196	-	16,196
342 Deferred Revenues	11,661	1,782	2,753		16,196	-	16,196
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings					-	-	-
345 Other Current Liabilities	328				328	-	328
346 Accrued Liabilities - Other					-	-	-
347 Inter Program - Due To					-	-	-
348 Loan Liability - Current					-	-	-
310 Total Current Liabilities	70,574	9,067	8,881	1,102	89,624	-	89,624
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	29,591	5,699	3,017	16,372	54,679	1,220	55,899
355 Loan Liability - Non Current					-	-	-
356 FASB 5 Liabilities					-	-	-
357 Accrued Pension and OPEB Liabilities					-	-	-
350 Total Non-Current Liabilities	29,591	5,699	3,017	16,372	54,679	-	54,679

The accompanying notes are an integral part of these financial statements

300 Total Liabilities	100,165	14,766	11,898	17,474	144,303	-	144,303
508.1 Invested In Capital Assets, Net of Related Debt	4,616,292	580,859	983,751	51,986	6,232,888	-	6,232,888
509.2 Fund Balance Reserved					-	-	-
511.2 Unreserved, Designated Fund Balance					-	-	-
511.1 Restricted Net Assets					-	-	-
512.1 Unrestricted Net Assets	75,077	17,356	49,920		142,353	-	142,353
512.2 Unreserved, Undesignated Fund Balance					-	-	-
513 Total Equity/Net Assets	4,691,369	598,215	1,033,671	51,986	6,375,241	-	6,375,241
600 Total Liabilities and Equity/Net Assets	4,791,534	612,981	1,045,569	69,460		-	-

The accompanying notes are an integral part of these financial statements

Entity Wide Revenue and Expense Summary

NM006 06/30/2009 Unaudited/A-133

	NM006000001	NM006000002	NM006000003	Other Project	Project Total	14.871	Total
70300 Net Tenant Rental Revenue	411,587	84,067	45,201		540,855	-	540,855
70400 Tenant Revenue - Other	14,828	-	479		15,307	-	15,307
70500 Total Tenant Revenue	426,415	84,067	45,680		556,162		556,162
70600-010 Housing assistance payments						75,237	75,237
70600-020 Ongoing administrative fees earned						8,183	8,183
70600 HUD PHA Operating Grants	716,957	83,865	120,556		921,378	83,420	1,004,798
70610 Capital Grants	18,336	2,676	2,438		23,450		23,450
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					-		-
71100-010 Housing Assistance Payment							-
71100-020 Administrative Fee						487	487
71100 Investment Income - Unrestricted	3,563		74		3,637	487	4,124
71200 Mortgage Interest Income					-		-
71300 Proceeds from Disposition of Assets Held for Sale					-		-
71310 Cost of Sale of Assets					-		-
71400 Fraud Recovery	2,524				2,524		2,524
71500 Other Revenue					-		-
71600 Gain or Loss on Sale of Capital Assets					-		-
72000-010 Housing Assistance Payment						903	903
72000-020 Administrative Fee							
72000 Investment Income - Restricted					-	903	903
70000 Total Revenue	1,167,795	170,608	168,748		1,507,151		1,507,151

The accompanying notes are an integral part of these financial statements

91100 Administrative Salaries	75,461	11,462	17,890		104,813	13,327	118,140
91200 Auditing Fees	3,985	823	1,010		5,818		5,818
91300 Management Fee					-		-
91310 Book-keeping Fee					-		-
91400 Advertising and Marketing					-		-
91500 Employee Benefit contributions - Administrative	20,246	3,163	5,061		28,470	5,732	34,202
91600 Office Expenses	25,004	5,901	9,393		40,298		40,298
91700 Legal Expense							
91800 Travel	325	60	76		461		461
91810 Allocated Overhead	198,286	43,106	45,979		287,371		287,371
91900 Other	42,063	7,321	10,260		59,644	8,327	67,971
91000 Total Operating - Administrative	365,370	71,836	89,669		526,875	27,386	554,261
92000 Asset Management Fee					-		-
92100 Tenant Services - Salaries					-		-
92200 Relocation Costs					-		-
92300 Employee Benefit Contributions - Tenant Services					-		-
92400 Tenant Services - Other	107	24	29		160		160
92500 Total Tenant Services	107	24	29		160		160
93100 Water	62,565	3,922	4,468		70,955		70,955
93200 Electricity	53,756	6,962	5,882		66,600		66,600
93300 Gas	70,745	8,072	13,775		92,592		92,592
93400 Fuel					-		-
93500 Labor					-		-
93600 Sewer	35,227	1,960	2,331		39,518		39,518
93700 Employee Benefit Contributions - Utilities					-		-
93800 Other Utilities Expense	20,521	1,916	1,446		23,883		23,883
93000 Total Utilities	242,814	22,832	27,902		293,548		293,548

The accompanying notes are an integral part of these financial statements

94100 Ordinary Maintenance and Operations - Labor	167,400	40,829	34,722		242,951		242,951
94200 Ordinary Maintenance and Operations - Materials and Other	69,716	6,967	11,860		88,543		88,543
94300 Ordinary Maintenance and Operations Contracts	50,041	7,091	6,109		63,241		63,241
94300-010 Ordinary Maintenance and Operations Contracts- Garbage and Trash Material	22,130	3,146	3,805		29,081		29,081
94300-120 Ordinary Maintenance and Operations Contracts- Misc Contracts	27,911	3,945	2,304		34,160		34,160
94500 Employee Benefit Contributions - Ordinary Maintenance	42,335	10,398	9,655		62,388		62,388
94000 Total Maintenance	329,492	65,285	62,346		457,123		457,123
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	38,029	6,092	6,965		51,086		51,086
96120 Liability Insurance	13,535	2,256	2,597		18,388		18,388
96130 Workmen's Compensation	7,734	2,030	1,181		10,945		10,945
96140 All Other Insurance	5,156	902	1,062		7,120	282	7,402
96100 Total insurance Premiums	64,454	11,280	11,805		87,539		87,539
96200 Other General Expenses					-		-
96210 Compensated Absences					-		-
96300 Payments in Lieu of Taxes					-		-
96400 Bad debt - Tenant Rents	14,254	314	4,665		19,233		19,233
96500 Bad debt - Mortgages					-		-
96600 Bad debt - Other					-		-
96800 Severance Expense					-		-
96000 Total Other General Expenses	14,254	314	4,665		19,233		19,233

The accompanying notes are an integral part of these financial statements

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	1,016,491	171,571	196,416		1,384,478	27,668	1,412,146
97000 Excess of Operating Revenue over Operating Expenses	151,304	(963)	(27,668)		122,673	57,142	179,815
97100 Extraordinary Maintenance					-		
97200 Casualty Losses - Non-capitalized					-		
97300-050 All Other						80,843	80,843
97300 Housing Assistance Payments					-		
97350 HAP Portability-In					-		
97400 Depreciation Expense	120,537	22,432	44,630		187,599		187,599
97500 Fraud Losses					-		
97600 Capital Outlays - Governmental Funds					-		
97700 Debt Principal Payment - Governmental Funds					-		
97800 Dwelling Units Rent Expense					-		
90000 Total Expenses	1,137,028	194,003	241,046		1,572,077	108,511	1,680,588
10010 Operating Transfer In	154,084	23,540	36,381		214,005		214,005
10020 Operating transfer Out	(154,084)	(23,540)	(36,381)		(214,005)		(214,005)
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	30,767	(23,395)	(72,298)		(64,926)	(23,701)	(88,627)
11020 Required Annual Debt Principal Payments					-		
11030 Beginning Equity	4,660,602	582,994	1,015,748		6,259,344	122,973	6,382,317
11040-070 Equity Transfers				180,873	180,873		180,873
11040-080 Equity Transfers		38,666	90,221	(128,887)	-		
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	38,666	90,221	51,986	180,873		180,873

The accompanying notes are an integral part of these financial statements

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								-	-
11170-001 Administrative Fee Equity- Beginning Balance								43,045	43,045
11170-010 Administrative Fee Revenue								8,183	8,183
11170-040 Investment Income								487	487
11170-060 Total Admin Fee Revenues								8,670	8,670
11170-080 Total Operating Expenses								27,668	27,668
11170-110 Total Expenses								27,668	27,668
11170-002 Net Administrative Fee								(18,998)	(18,998)
11170-003 Administrative Fee Equity- Ending Balance								24,047	24,047
11170 Administrative Fee Equity								24,047	24,047
11180-001 Housing Assistance Payments Equity - Beginning Balance								79,928	79,928
11180-010 Housing Assistance Payment Revenues								75,237	75,237
11180-015 Fraud Recovery Revenue								-	-
11180-020 Other Revenue								-	-
11180-021 Comment For Other Revenue								-	-
11180-025 Investment Income								903	903
11180-030 Total HAP Payments								76,140	76,140
11180-080 Housing Assistance Payments								80,843	80,843
11180-100 Total Housing Assistance Payment Expenses								80,843	80,843
11180-002 Net Housing Assistance Payments								(4,703)	(4,703)
11180-003 Housing Assistance Payments Equity- Ending Balance								75,225	75,225
11180 Housing Assistance Payments Equity								-	75,225
11190-210 Total ACC HCV Units								456	456
11190-220 Unfunded Units								(211)	(211)
11190-230 Other Adjustments								-	-
11190 Unit Months Available	1,824	348	288			2,460	245		2,705
11210 Number of Unit Months Leased	1,656	348	180			2,184	228		2,412
11270 Excess Cash	95,610	21,671	50,798	16,372		184,451			184,451
11610 Land Purchases								-	-
11620 Building Purchases	8,009	1,098				9,107			9,107
11630 Furniture & Equipment - Dwelling Purchases	-							-	-
11640 Furniture & Equipment - Administrative Purchases	10,327	1,578	2,438			14,343			14,343
11650 Leasehold Improvements Purchases	-	-	-					-	-
11660 Infrastructure Purchases	-	-	-					-	-
13510 CFFP Debt Service Payments	-	-	-					-	-
13901 Replacement Housing Factor Funds	-	-	-					-	-

The accompanying notes are an integral part of these financial statements