

**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, 2010**

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY**

**Board of Commissioners and Management
June 30, 2010**

Commissioner, Chairperson	Gumi Garcia
Commissioner, Vice-Chairperson	John Baca
Commissioner	Louie Leyba
Commissioner, Resident	Jonathan Todachine
Commissioner	Dan Diaz
Executive Director/Board Secretary	Danny Garcia

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**STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY**

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FOR THE YEAR ENDED JUNE 30, 2010

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FINANCIAL SECTION

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Griego Professional Services, LLC

Certified Public Accountants

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, 2010, which collectively comprise the agency's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Authority's individual enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. 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 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 June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the individual enterprise funds of the Gallup Housing Authority, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for all enterprise funds 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.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2010 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.

For the year ended June 30, 2010, 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 basic financial statements and the combining and individual fund 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
December 14, 2010

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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, 2010

Exhibit A

ASSETS

Current assets:

Cash and cash equivalents	\$	162,717
Accounts receivable - tenants, net of allowance for doubtful accounts of \$6,047		32,345
Accounts receivable - Other		27,950
Due from other governments		227,773
Inventory		13,762
<i>Total current assets</i>		464,547

Noncurrent assets:

Restricted cash and cash equivalents		95,520
Land, Structures and equipment, net of accumulated depreciation		7,062,058
<i>Total noncurrent assets</i>		7,157,578

<i>Total assets</i>	\$	7,622,125
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LIABILITIES

Current liabilities (payable from current assets):

Accounts payable	\$	193,296
Accrued salaries and benefits		30,713
Deferred Revenue		82,081
Compensated absences, current amounts		3,473
<i>Total current liabilities (payable from current assets)</i>		309,563

Current liabilities (payable from restricted assets)

Tenant deposits		42,116
<i>Total current liabilities (payable from restricted assets)</i>		42,116

Non-current liabilities :

Compensated absences, net of current amounts		56,731
		56,731

<i>Total liabilities</i>		408,410
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NET ASSETS

Invested in capital assets		7,062,058
Restricted		53,404
Unrestricted		98,253
		98,253

<i>Total net assets</i>		7,213,715
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<i>Total liabilities and net assets</i>	\$	7,622,125
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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, 2010

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 482,688
Miscellaneous	42,212
	<u>524,900</u>
 <i>Total operating revenues</i>	
	<u>524,900</u>
 <i>Operating expenses:</i>	
Administration	559,429
Tenant services	47,124
Utilities	328,250
Ordinary maintenance and operations	370,935
Protective services	65,069
General	51,366
Depreciation	196,053
	<u>1,618,226</u>
 <i>Total operating expenses</i>	
	<u>1,618,226</u>
 <i>Operating loss</i>	
	<u>(1,093,326)</u>
 <i>Non-operating revenues(expenses):</i>	
Interest income	531
Operating grants	943,963
Capital grants	992,867
Housing assistance payments	(104,833)
	<u>1,832,528</u>
 <i>Total non-operating revenues</i>	
	<u>1,832,528</u>
 <i>Change in net assets</i>	
	739,202
 <i>Total net assets - beginning of year</i>	
	<u>6,474,513</u>
 <i>Total net assets - end of year</i>	
	<u>\$ 7,213,715</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, 2010

Exhibit C

	Net Assets Invested in Capital Assets	Restricted Net Assets	Unrestricted Net Assets	Total
Balance June 30, 2009	\$ 6,232,888	\$ -	\$ 241,625	\$ 6,474,513
Net change in net assets for the year ended June 30, 2010	<u>829,170</u>	<u>53,404</u>	<u>(143,372)</u>	<u>739,202</u>
Balance June 30, 2010	<u><u>\$ 7,062,058</u></u>	<u><u>\$ 53,404</u></u>	<u><u>\$ 98,253</u></u>	<u><u>\$ 7,213,715</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 CASH FLOWS
PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2010

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 366,164
Cash paid to suppliers and employees	<u>(1,226,427)</u>
<i>Net cash (used) by capital financing activities</i>	<u>(860,263)</u>
 <i>Cash flows used by noncapital financing activities:</i>	
Intergovernmental HUD subsidy	1,936,830
Housing assistance payments	<u>(104,833)</u>
<i>Net cash provided by noncapital financing activities</i>	<u>1,831,997</u>
 <i>Cash flows used by capital financing activities:</i>	
Acquisition and construction of capital assets	<u>(1,025,223)</u>
<i>Net cash provided by capital financing activities</i>	<u>(1,025,223)</u>
 <i>Cash flows from investing activities:</i>	
Interest received	<u>531</u>
<i>Net cash provided by investing activities</i>	<u>531</u>
<i>Net (decrease) in cash and cash equivalents</i>	(52,958)
<i>Cash and cash equivalents - beginning of year</i>	<u>311,195</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 258,237</u></u>
 <i>Reconciliation of operating (loss) to net cash (used) by operating activities:</i>	
Operating (loss)	\$ (1,093,326)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	196,053
(Increase) decrease in:	
Accounts receivable	(224,621)
Inventory	(1,181)
Increase (decrease) in:	
Accounts payable	171,422
Accrued expenses	24,673
Deferred revenue	65,885
Compensated absences	<u>832</u>
<i>Net cash (used) by operating activities</i>	<u><u>\$ (860,263)</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, 2010

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.

Homelessness Prevention & Rapid Rehousing Programs – This program, funded by HUD through the MFA, are funds dedicated to administer the HPRP program in McKinley and Cibola Counties.

Capital Fund Projects – Funded on a reimbursement basis by HUD, the program funds may be used for the development, financing, and modernization of public housing developments and for management improvements. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program on the Financial Statements.

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

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity*

upon the application of these criteria, the Authority has no component units; however, the Authority is a component unit of the City of Gallup.

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

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

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

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 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, per section 12-6-10 NMSA 1978, and a

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

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

Land, Structures and Equipment (continued)

useful life of more than one year. 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

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

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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.

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, 2010.

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.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 2 Cash and Cash Equivalents (Continued)

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, 2010, 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.

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	Washington Federal Bank	Wells Fargo Bank	Total
Total amounts of deposits	\$ 312	\$ 276,498	\$ 13,718	\$ 63	\$ 290,591
FDIC coverage	<u>(312)</u>	<u>(250,000)</u>	<u>(13,718)</u>	<u>(63)</u>	<u>(264,093)</u>
Total uninsured public funds	<u>\$ —</u>	<u>\$ 26,498</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 26,498</u>
Collateral requirement (50% of uninsured public funds)	—	13,249	—	—	13,249
Pledged security	<u>—</u>	<u>(2,500,000)</u>	<u>—</u>	<u>—</u>	<u>(2,500,000)</u>
(Over)/Under-collateralized	<u>\$ —</u>	<u>\$ (2,486,751)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2,486,751)</u>

At June 30, 2010, the carrying amount of the Authority's deposits was \$258,237 and the respective balances per the financial institutions totaled \$290,591. Of this balance, \$264,093 was covered by federal depository insurance. The remaining amount of \$26,498 was uninsured 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, 2010, \$26,498 of the Authority's bank balance of \$290,591 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 Authority's name.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 3 Accounts Receivable

The Authority's accounts receivable at June 30, 2010, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable – Tenants	\$ 38,392	\$ 6,047	\$ 32,345
Accounts receivable – HUD	227,773	—	227,773
Accounts receivable – Other	<u>27,950</u>	<u>—</u>	<u>27,950</u>
	<u>\$ 294,115</u>	<u>\$ 6,047</u>	<u>\$ 288,068</u>

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.

As of June 30, 2010, the Section 8 fund had a due to other funds balance of \$22,953, and the Homelessness Prevention fund had a due to other funds balance of \$9,873. Both balances were due to the Public Housing Fund.

Note 5 Land, structures and equipment

	<u>Balance 06/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 06/30/2010</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 1,686,162	—	—	—	\$ 1,686,162
Construction in Progress	<u>23,450</u>	<u>724,352</u>	<u>—</u>	<u>—</u>	<u>747,802</u>
Capital Assets, Not Being Depreciated:	<u>1,709,612</u>	<u>724,352</u>	<u>—</u>	<u>—</u>	<u>2,433,964</u>
Capital Assets, Being Depreciated:					
Buildings	10,147,921	268,519	—	—	10,416,440
Dwelling Equipment	297,172	—	—	—	297,172
Administration Equipment	<u>276,454</u>	<u>32,351</u>	<u>—</u>	<u>—</u>	<u>308,805</u>
Capital Assets, Being Depreciated:	<u>10,721,547</u>	<u>300,870</u>	<u>—</u>	<u>—</u>	<u>11,022,417</u>
Total Capital Assets	<u>12,431,159</u>	<u>1,025,222</u>	<u>—</u>	<u>—</u>	<u>13,456,381</u>
Accumulated Depreciation:					
Buildings	(5,640,552)	(173,690)	—	—	(5,814,242)
Dwelling Equipment	(297,172)	—	—	—	(297,172)
Administration Equipment	<u>(260,546)</u>	<u>(22,363)</u>	<u>—</u>	<u>—</u>	<u>(282,909)</u>
Total Accumulated Depreciation	<u>(6,198,270)</u>	<u>(196,053)</u>	<u>—</u>	<u>—</u>	<u>(6,394,323)</u>
Net Book Value	<u>\$ 6,232,888</u>	<u>\$ 821,766</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,062,058</u>

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 5 Land, structures and equipment (Continued)

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, 2010, totaled \$196,053.

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 \$40,591 and decreases (deletions) of \$39,620 resulting in a net increase of \$971 (\$59,233 at June 30, 2009 to \$60,204 at June 30, 2010) during the year ended June 30, 2010. The amount of this liability due within one year is \$3,473.

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, 2010, 2009, and 2008 were \$40,953, \$36,959, and \$38,847. Employee contributions for the year ended June 30, 2010, 2009, and 2008 were \$58,856, \$53,116, and \$55,830. All amounts expended were equal to the amount of the required contributions for each year.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 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; and 4) former governing authority members who served at least four years.

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

Funding Policy: The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation 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. During the year ended June 30, 2010, 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. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

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.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 9 Post Employment Benefits (Continued)

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, 2010, 2009, and 2008 were \$5,616, \$5,251, and \$5,287, 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

77% 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 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.

In March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standard*, which is effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 Subsequent Accounting Standard Pronouncements (Continued)

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*, which is effective for financial statement periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which is effective for financial statement periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan.

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*, which is effective for financial statement periods beginning after June 15, 2010. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

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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, 2010

ASSETS	Low-Rent Public Housing Program		
	Project 1 14.850	Project 2 14.850	Project 3 14.850
<i>Current assets:</i>			
Cash and cash equivalents	\$ 100,000	\$ 10,000	\$ 5,000
Accounts receivable - tenants, net of allowance for doubtful accounts of \$24,122	28,160	997	3,188
Accounts receivable - Other	-	-	-
Due from other governments	29,366	550	72,320
Due from other programs/projects	51,609	4,636	-
Inventory	1,606	331	406
<i>Total current assets</i>	210,741	16,514	80,914
<i>Restricted assets:</i>			
Cash and cash equivalents	33,503	3,852	4,761
Land, structures and equipment, net of accumulated depreciation	4,975,842	604,452	1,413,865
<i>Total assets</i>	\$5,220,086	\$ 624,818	\$1,499,540
LIABILITIES AND NET ASSETS			
<i>Current liabilities (payable from current assets):</i>			
Accounts payable	39,365	4,588	3,248
Accrued salaries & benefits	10,548	1,340	2,071
Due to other programs/projects	-	-	41,794
Deferred revenue	82,081	-	-
Compensated absences, current portion	1,984	302	469
<i>Total current liabilities (payable from current assets)</i>	133,978	6,230	47,582
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	33,503	3,852	4,761
<i>Total current liabilities (payable from restricted assets)</i>	33,503	3,852	4,761
<i>Non-current liabilities :</i>			
Compensated absences, net of current portion	32,409	4,936	7,664
<i>Total liabilities</i>	199,890	15,018	60,007
<i>Net assets:</i>			
Net assets invested in capital assets, net of related debt	4,975,842	604,452	1,413,865
Restricted Net Assets	-	-	-
Unrestricted net assets	44,354	5,348	25,668
<i>Total Net assets</i>	5,020,196	609,800	1,439,533
<i>Total liabilities and net assets</i>	\$5,220,086	\$ 624,818	\$1,499,540

The accompanying notes are an integral part of these financial statements

<u>Other Project</u> 14.850	<u>Total Low-Rent Public Housing Program</u> 14.850	<u>Section 8</u> 14.871	<u>Homelessness Prevention & Rapid Rehousing</u> 14.231	<u>Total</u>
\$ 9,569	\$ 124,569	\$ 30,610	\$ 7,538	\$ 162,717
-	32,345	-	-	32,345
7,474	7,474	16,491	3,985	27,950
125,282	227,518	255	-	227,773
18,375	74,620	-	-	74,620
11,419	13,762	-	-	13,762
<u>172,119</u>	<u>480,288</u>	<u>47,356</u>	<u>11,523</u>	<u>539,167</u>
-	42,116	53,404	-	95,520
<u>67,899</u>	<u>7,062,058</u>	<u>-</u>	<u>-</u>	<u>7,062,058</u>
<u>\$ 240,018</u>	<u>\$ 7,584,462</u>	<u>\$ 100,760</u>	<u>\$ 11,523</u>	<u>\$7,696,745</u>
146,095	193,296	-	-	193,296
14,670	28,629	434	1,650	30,713
-	41,794	22,953	9,873	74,620
-	82,081	-	-	82,081
655	3,410	63	-	3,473
<u>161,420</u>	<u>349,210</u>	<u>23,450</u>	<u>11,523</u>	<u>384,183</u>
-	42,116	-	-	42,116
-	42,116	-	-	42,116
<u>10,700</u>	<u>55,709</u>	<u>1,022</u>	<u>-</u>	<u>56,731</u>
<u>172,120</u>	<u>447,035</u>	<u>24,472</u>	<u>11,523</u>	<u>483,030</u>
67,899	7,062,058	-	-	7,062,058
-	-	53,404	-	53,404
(1)	75,369	22,884	-	98,253
<u>67,898</u>	<u>7,137,427</u>	<u>76,288</u>	<u>-</u>	<u>7,213,715</u>
<u>\$ 240,018</u>	<u>\$ 7,584,462</u>	<u>\$ 100,760</u>	<u>\$ 11,523</u>	<u>\$7,696,745</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, 2010

	Low-Rent Public Housing Program		
	Project 1 14,850	Project 2 14,850	Project 3 14,850
<i>Operating revenues:</i>			
Charges for services	\$ 374,995	\$ 76,371	\$ 31,322
Miscellaneous	34,736	1,505	3,117
<i>Total operating revenues</i>	<u>409,731</u>	<u>77,876</u>	<u>34,439</u>
<i>Operating expenses:</i>			
Administration	393,096	65,439	75,034
Tenant services	-	-	-
Utilities	261,903	31,364	21,292
Ordinary maintenance and operations	273,062	52,546	44,872
Protective services	45,930	8,421	10,718
General	23,076	8,094	10,259
Depreciation	121,477	22,604	44,850
<i>Total operating expenses</i>	<u>1,118,544</u>	<u>188,468</u>	<u>207,025</u>
<i>Operating Income/(loss)</i>	<u>(708,813)</u>	<u>(110,592)</u>	<u>(172,586)</u>
<i>Non-operating revenues (expenses):</i>			
Interest income	281	42	62
Operating grants	579,139	80,120	108,094
Capital grants	510,024	44,991	437,852
Housing assistance payments	-	-	-
Equity transfers in (out)	(51,804)	(2,976)	32,440
<i>Total non-operating revenues (expenses)</i>	<u>1,037,640</u>	<u>122,177</u>	<u>578,448</u>
<i>Income (loss) before contributions</i>	<u>328,827</u>	<u>11,585</u>	<u>405,862</u>
<i>Total net assets - beginning of year</i>	<u>4,691,369</u>	<u>598,215</u>	<u>1,033,671</u>
<i>Total net assets - end of year</i>	<u>\$ 5,020,196</u>	<u>\$ 609,800</u>	<u>\$ 1,439,533</u>

The accompanying notes are an integral part of these financial statements

Other Project 14.850	Total Low-Rent Public Housing Program 14.850	Section 8 14.871	Homelessness Prevention & Rapid Rehousing 14.231	Total
\$ -	\$ 482,688	\$ -	\$ -	\$ 482,688
-	39,358	2,854	-	42,212
-	522,046	2,854	-	524,900
-	533,569	11,204	14,656	559,429
-	-	-	47,124	47,124
-	314,559	-	13,691	328,250
-	370,480	455	-	370,935
-	65,069	-	-	65,069
-	41,429	9,937	-	51,366
7,122	196,053	-	-	196,053
7,122	1,521,159	21,596	75,471	1,618,226
(7,122)	(999,113)	(18,742)	(75,471)	(1,093,326)
-	385	146	-	531
-	767,353	101,139	75,471	943,963
-	992,867	-	-	992,867
-	-	(104,833)	-	(104,833)
23,034	694	(694)	-	-
23,034	1,761,299	(4,242)	75,471	1,832,528
15,912	762,186	(22,984)	-	739,202
51,986	6,375,241	99,272	-	6,474,513
\$ 67,898	\$ 7,137,427	\$ 76,288	\$ -	\$ 7,213,715

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 Community Bank			
Business Checking	Checking	\$ 312	\$ 312
Total First Community Bank		<u>\$ 312</u>	<u>\$ 312</u>
Pinnacle Bank			
Operational		\$ 131,676	\$ 123,440
Section 8		\$ 102,252	\$ 84,014
Security Deposit	Checking	<u>\$ 42,570</u>	<u>\$ 42,645</u>
Total Pinnacle Bank		<u>\$ 276,498</u>	<u>\$ 250,099</u>
Washington Federal Bank			
HPRP Checking	Checking	<u>\$ 13,718</u>	<u>\$ 7,538</u>
Total Washington Federal Bank		<u>\$ 13,718</u>	<u>\$ 7,538</u>
Wells Fargo Bank			
Comp Grant	Checking	<u>\$ 63</u>	<u>\$ 63</u>
Total Wells Fargo Bank		<u>\$ 63</u>	<u>\$ 63</u>
Petty Cash			<u>225</u>
Total Cash - June 30, 2010			<u><u>\$ 258,237</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, 2010

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2010
Pinnacle Bank	FHLMC Notes-1T5 10/29/2012 2.25% CUSIP 60180013	2,500,000
Total pledged securities		\$ 2,500,000

The accompanying notes are an integral part of these financial statements

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COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE

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Griego Professional Services, LLC

Certified Public Accountants

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

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"), a component unit of the City of Gallup, New Mexico (the "City"), as of and for the year ended June 30, 2010, the combining and individual funds presented as supplemental information of the Agency as of and for the year ended June 30, 2010, and have issued our report thereon dated December 14, 2010. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses identified as FS 08-07.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies identified as FS 08-01.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gallup Housing 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items FS 08-01.

Other auditors noted no other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978.

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the Authority, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Griego Professional Services, LLC
Albuquerque, NM
December 14, 2010

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Griego Professional Services, LLC

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON 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 Gallup Housing Authority's (the "Authority"), a component unit of the City of Gallup, New Mexico, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Agency's major federal programs for the year ended June 30, 2010. 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. 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 Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance 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 items FA 10-01, FA 10-02, and FA 10-03.

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Internal Control Over Compliance


Management of the Agency 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items FA 10-01, FA 10-02, and FA 10-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Griego Professional Services, LLC
Albuquerque, NM
December 14, 2010

STATE OF NEW MEXICO
GALLUP HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF GALLUP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Schedule III

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct funding from U.S. Department of Housing and Urban Development</i>		
Public and Indian Housing (1)	14.850	639,101
Section 8 Housing Choice Vouchers	14.871	101,139
Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	268,517
Capital Project Fund (1)	14.872	852,602
<i>Subtotal Direct U.S. Department of Housing and Urban Development</i>		\$ 1,861,359
 <i>Passthrough State of New Mexico Mortgage Finance Authority</i>		
Homeless Prevention and Rapid Rehousing Program	14.257	75,471
<i>Subtotal Passthrough State of New Mexico Mortgage Finance Authority</i>		\$ 75,471
 Total U.S. Department of Housing and Urban Development		<u>\$ 1,936,830</u>
 Total Federal Financial Assistance		<u>\$ 1,936,830</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	\$	1,936,830
Total expenditures funded by other sources		<u>811,452</u>
Total expenditures	\$	<u>2,748,282</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, 2010

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 weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

1. Internal control over major programs:								
a. Material weakness identified?		No						
b. Significant deficiencies identified?		Yes						
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 border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">14.850</td> <td style="text-align: center;">Low-Rent Public Housing Program</td> </tr> <tr> <td style="text-align: center;">14.872</td> <td style="text-align: center;">Capital Project Fund</td> </tr> </table>	CFDA Number	Federal Program	14.850	Low-Rent Public Housing Program	14.872	Capital Project Fund	
CFDA Number	Federal Program							
14.850	Low-Rent Public Housing Program							
14.872	Capital Project Fund							
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, 2010

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, 2010 was not submitted to the State Auditor by the required due date, December 1, 2010.

Criteria: Audit reports not submitted before the due date are considered to be late submissions under 2.2.2.9.A (1)(d) of the State Audit Rule.

Effect: The result was the late submission of the Agency's audit report for the year ended June 30, 2010.

Cause: The Authority's 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 in a timely fashion so that future audit reports can be submitted timely.

Management's Response: The Authority converted its operating software in October of 2009, due to conversion the Agency had to hire both IT specialists as well as Fee-Accountants, to help with data problems. This caused the Fee-Accountant to delay submission of data to Auditor. This Agency is having Fee-accountant work FDS at six (6) months as well as FYE to insure timely submission.

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 education 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: Executive Director has during this past year attended industry trainings related to GASB processes, Executive Director is personally applying for assistance and enrollment to the University of Phoenix, for continued accounting training.

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, 2010

Schedule IV

Section II – Federal Award Findings and Questioned Costs

FA-10-01 — Non-Compliance with Uniform Financial Reporting Standards.

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 PHA submitted the Financial Data Statement (FDS) on September 30, 2010. This was 30 days past the required submission time frame allowed by HUD.

Criteria: In accordance with HUD's Uniform Financial Reporting Standards Rule, annually, a PHA is required to submit its financial statement, prepared in accordance with Generally Accepted Accounting Principles (GAAP). The unaudited financial statement is due 2 months after the PHA's fiscal year end.

Effect: The PHA is not in compliance with HUD's Uniform Reporting Standards.

Cause: Due to a system conversion, the PHA could not supply the proper information to the fee accountant for timely submission.

Auditor's Recommendation: The PHA should implement a policy that will ensure that the FDS is submitted within the allowable time frame.

Management Response: This Administration has taken the steps needed to ensure timely future, submissions, This Agency used valuable resources to solve all software issues, and strongly informed fee accountants of the importance of timely submissions.

FA-10-02 — Depository Agreements:

Federal program information:

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

Condition: At the time of audit the PHA could not locate or provide valid depository agreements.

Criteria: PHA's are required to enter into depository agreements with their financial institutions in a form required by HUD in the Annual Contribution Contract. The agreements serve as a safeguard to federal funds and provide third part rights to HUD

Effect: The PHA is not in compliance with HUD requirements.

Cause: Due to a change in directors at the PHA, this process was started, but never completed.

Auditor's Recommendation: The PHA needs to put depository agreement in place with all financial institutions the handle HUD Federal Funds.

Management Response: This Agency is in the process of getting new depository agreements signed by all Institutions that secure our funds.

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, 2010

Schedule IV

FA-10-03 — Asset Management-Fee-Cost-Approach

Federal program information:

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

Condition: At year end, the PHA took a percentage, based on number of housing units within a project and allocated all the COCC cost using that percentage allocation. Actual HUD approved rates or reasonableness test were not used to charge each project. In addition, the PHA had chosen to centralize the maintenance function and these cost were not allocated based on actual services.

Criteria: In accordance with Compliance supplement A-133; Activities-Allowable/Non-Allowable: The PHA may establish a COCC to account for non-project specific cost. These costs shall be funded from the property management fees received from each property. If the PHA chooses to centralize functions under asset management, each project shall be charged for actual services and only to the extent that such amounts are reasonable.

Effect: The PHA is not in compliance with HUD cost allocation and reporting rules.

Cause: At the time of converting to asset-management based cost allocation, the accounting system of the PHA could not account for cost in this manner.

Auditor's Recommendation: The PHA should, in conjunction with the fee accountant, establish the cost allocation method that will be used.

Management Response: This Agency is currently using a Allocated Overhead method, (Section 226, PIH 2008-16), But has requested a special Study, By HUD to re-evaluate the Pros/Cons of Asset-management for an Agency of our Size, Which is 17 Units Above the Voluntary OPT-IN levels.

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, 2010

Schedule IV

Section III – Prior Year Audit Findings

- FS 08-01 – Audit Report Not Submitted Timely, Repeated- Revised
- FS 08-05 – Lack of Supporting Documentation-Travel - Resolved
- FS 08-06 – Internal Control Deficiencies, Resolved
- FS 08-07 – Internal Control over Financial Reporting, Repeated

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 January 27, 2011. 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
Benjamin Martinez

OTHER SUPPLEMENTAL INFORMATION

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133 Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
111 Cash - Unrestricted	100,000	10,000	5,000	9,569	124,569	30,610	7,538		162,717
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted						53,404			53,404
114 Cash - Tenant Security Deposits	33,503	3,852	4,761		42,116				42,116
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	133,503	13,852	9,761	9,569	166,685	84,014	7,538		258,237
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	29,366	550	72,320		102,236	255		125,282	227,773
124 Accounts Receivable - Other Government							3,985		3,985
125 Accounts Receivable - Miscellaneous				7,474	7,474	16,491			23,965
126 Accounts Receivable - Tenants	32,936	1,486	3,970		38,392				38,392
126.1 Allowance for Doubtful Accounts -Tenants	(4,776)	(489)	(782)		(6,047)				(6,047)
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	57,526	1,547	75,508	7,474	142,055	16,746	3,985	125,282	288,068

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133						Fiscal Year End: 06/30/2010			
	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories	1,606	331	406	11,419	13,762				13,762
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	51,609	4,636		18,375	74,620				74,620
145 Assets Held for Sale									
150 Total Current Assets	244,244	20,366	85,675	46,837	397,122	100,760	11,523	125,282	634,687
161 Land	1,486,872	75,593	116,825	6,872	1,686,162				1,686,162
162 Buildings	6,149,889	897,287	1,820,805	1,548,458	10,416,439				10,416,439
163 Furniture, Equipment & Machinery - Dwellings	210,992	35,660	50,519		297,171				297,171
164 Furniture, Equipment & Machinery - Administration	75,465	12,420	17,555	188,564	294,004	14,802			308,806
165 Leasehold Improvements									
166 Accumulated Depreciation	(3,207,220)	(464,176)	(1,032,130)	(1,675,995)	(6,379,521)	(14,802)			(6,394,323)
167 Construction in Progress	259,844	47,668	440,291		747,803				747,803
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	4,975,842	604,452	1,413,865	67,899	7,062,058	-	-	-	7,062,058
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	4,975,842	604,452	1,413,865	67,899	7,062,058	-	-	-	7,062,058
190 Total Assets	5,220,086	624,818	1,499,540	114,736	7,459,180	100,760	11,523	125,282	7,696,745

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	39,365	4,588	3,248	4,122	51,323			125,282	176,605
313 Accounts Payable >90 Days Past Due				16,691	16,691				16,691
321 Accrued Wage/Payroll Taxes Payable	10,548	1,340	2,071	14,670	28,629	435	1,649		30,713
322 Accrued Compensated Absences - Current Portion	1,984	302	469	655	3,410	63			3,473
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	33,503	3,852	4,761		42,116				42,116
342 Deferred Revenues	82,081				82,081				82,081
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									
346 Accrued Liabilities - Other									
347 Inter Program - Due To			41,794		41,794	22,952	9,874		74,620
348 Loan Liability - Current									
310 Total Current Liabilities	167,481	10,082	52,343	36,138	266,044	23,450	11,523	125,282	426,299

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133	Fiscal Year End: 06/30/2010								
	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14,871 Housing Choice Vouchers	2 State/Local	14,885 Formula Capital Fund Stimulus Grant	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current	32,409	4,936	7,664	10,700	55,709	1,022			56,731
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	32,409	4,936	7,664	10,700	55,709	1,022	-	-	56,731
300 Total Liabilities	199,890	15,018	60,007	46,838	321,753	24,472	11,523	125,282	483,030
508.1 Invested In Capital Assets, Net of Related Debt	4,975,842	604,452	1,413,865	67,899	7,062,058	-			7,062,058
509.2 Fund Balance Reserved									
511.2 Unreserved, Designated Fund Balance									
511.1 Restricted Net Assets	-	-	-	-	-	53,404			53,404
512.1 Unrestricted Net Assets	44,354	5,348	25,668	(1)	75,369	22,884			98,253
512.2 Unreserved, Undesignated Fund Balance									
513 Total Equity/Net Assets	5,020,196	609,800	1,439,533	67,898	7,137,427	76,288	-	-	7,213,715
600 Total Liabilities and Equity/Net Assets	5,220,086	624,818	1,499,540	114,736	7,459,180	100,760	11,523	125,282	7,696,745

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
70300 Net Tenant Rental Revenue	374,995	76,371	31,322		482,688				482,688
70400 Tenant Revenue - Other	21,333	321	2,298		23,952				23,952
70500 Total Tenant Revenue	396,328	76,692	33,620		506,640				506,640
70600 HUD PHA Operating Grants	579,139	80,120	108,094		767,353	101,139			868,492
70610 Capital Grants	241,507	44,991	437,852		724,350			268,517	992,867
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					-		75,471		75,471
71100 Investment Income - Unrestricted	281	42	62		385	146	1		532
71200 Mortgage Interest Income					-				-
71300 Proceeds from Disposition of Assets Held for Sale					-				-
71310 Cost of Sale of Assets					-				-
71400 Fraud Recovery	4,888		122		5,010				5,010
71500 Other Revenue	8,515	1,184	697		10,396	2,854			13,250
71600 Gain or Loss on Sale of Capital Assets					-				-
72000 Investment Income - Restricted									
70000 Total Revenue	1,230,658	203,029	580,447		2,014,134	104,139	75,472	268,517	2,462,262
91100 Administrative Salaries	62,105	8,318	10,856		81,279	7,814	11,286		100,379
91200 Auditing Fees	3,206		748		3,954				3,954
91300 Management Fee									-
91310 Book-keeping Fee									-
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	18,051	2,018	2,871		22,940	2,545	2,657		28,142
91600 Office Expenses		1,280	1,629		2,909	284			3,193
91700 Legal Expense	162				162				162
91800 Travel	3,385	621	790		4,796		714		5,510
91810 Allocated Overhead	233,956	42,929	45,231		322,116	9,903			332,019
91900 Other	39,841	5,079	6,826		51,746				51,746

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
91000 Total Operating - Administrative	360,706	60,245	68,951		489,902	20,546	14,657		525,105
92000 Asset Management Fee									-
92100 Tenant Services - Salaries									-
92200 Relocation Costs							429		429
92300 Employee Benefit Contributions - Tenant Services									-
92400 Tenant Services - Other							60,386		60,386
92500 Total Tenant Services	-	-	-	-	-	-	60,815	-	60,815
93100 Water	62,276	4,961	5,191		72,428				72,428
93200 Electricity	53,126	11,426	4,144		68,696				68,696
93300 Gas	85,942	9,965	9,374		105,281				105,281
93400 Fuel					-				-
93500 Labor					-				-
93600 Sewer	34,720	2,477	1,719		38,916				38,916
93700 Employee Benefit Contributions - Utilities									-
93800 Other Utilities Expense	25,839	2,535	864		29,238				29,238
93000 Total Utilities	261,903	31,364	21,292		314,559	-	-	-	314,559
94100 Ordinary Maintenance and Operations - Labor	131,416	27,169	26,495		185,080	455			185,535
94200 Ordinary Maintenance and Operations - Materials and Other	92,896	17,507	13,592		123,995	150			124,145
94300 Ordinary Maintenance and Operations Contracts	46,011	7,467	4,777		58,255				58,255
94500 Employee Benefit Contributions - Ordinary Maintenance	35,129	5,597	6,091		46,817				46,817
94000 Total Maintenance	305,452	57,740	50,955	-	414,147	605	-	-	414,752
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	27,558	5,052	6,431		39,041				39,041
96120 Liability Insurance	9,186	1,684	2,144		13,014				13,014
96130 Workmen's Compensation	5,512	1,010	1,286		7,808				7,808
96140 All Other Insurance	3,674	675	857		5,206				5,206

Housing Authority of the City of Gallup (NM006)
Gallup, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
96100 Total insurance Premiums	45,930	8,421	10,718		65,069	-	-	-	65,069
96200 Other General Expenses					-				-
96210 Compensated Absences	16,279	1,667	7,441		25,387	445			25,832
96300 Payments in Lieu of Taxes					-				-
96400 Bad debt - Tenant Rents	6,797	6,427	2,818		16,042				16,042
96500 Bad debt - Mortgages					-				-
96600 Bad debt - Other					-				-
96800 Severance Expense					-				-
96000 Total Other General Expenses	23,076	8,094	10,259		41,429	445	-	-	41,874
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	997,067	165,864	162,175	-	1,325,106	21,596	75,472	-	1,422,174
97000 Excess of Operating Revenue over Operating Expenses	233,591	37,165	418,272	-	689,028	82,543	-	268,517	1,040,088
97100 Extraordinary Maintenance					-				-
97200 Casualty Losses - Non-capitalized					-				-
97300 Housing Assistance Payments					-	104,833			104,833
97350 HAP Portability-In					-				-
97400 Depreciation Expense	121,477	22,604	44,850	7,122	196,053	-			196,053
97500 Fraud Losses					-				-
97600 Capital Outlays - Governmental Funds					-				-
97700 Debt Principal Payment - Governmental Funds					-				-
97800 Dwelling Units Rent Expense					-				-
90000 Total Expenses	1,118,544	188,468	207,025	7,122	1,521,159	126,429	75,472	-	1,723,060
10010 Operating Transfer In	65,172	9,957	15,388	22,340	112,857				112,857
10020 Operating transfer Out	(81,400)	(12,933)	(18,524)		(112,857)				(112,857)
10030 Operating Transfers from/to Primary Government					-				-

Housing Authority of the City of Gallup (NM006)
Gallup, NM
Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2010

	NM006000001	NM006000002	NM006000003	OTHER PROJ	Project Total	14.871 Housing Choice Vouchers	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	Total
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	-	-	-	694	694				694
10094 Transfers between Project and Program - Out					-	(694)		-	(694)
10100 Total Other financing Sources (Uses)	(16,228)	(2,976)	(3,136)	23,034	694	(694)	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expense	95,886	11,585	370,286	15,912	493,669	(22,984)	-	268,517	739,202
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-
11030 Beginning Equity	4,691,369	598,215	1,033,671	51,986	6,375,241	99,272	-	-	6,474,513
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	232,941		35,576		268,517			(268,517)	-
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity						22,884			22,793
11180 Housing Assistance Payments Equity						53,404			53,404
11190 Unit Months Available	2,304	348	552	-	3,204	456	-	-	3,660
11210 Number of Unit Months Leased	2,232	324	552	-	3,108	240	-	-	3,348
11270 Excess Cash	12,058	(1,240)	19,997	(719)	30,096				30,096
11610 Land Purchases	-	-	-	-	-				-
11620 Building Purchases	190,985	44,991	437,852		673,828				673,828
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-				-
11640 Furniture & Equipment - Administrative Purchases	50,522	-	-	-	50,522				50,522
11650 Leasehold Improvements Purchases	-	-	-	-	-				-
11660 Infrastructure Purchases	-	-	-	-	-				-
13510 CFFP Debt Service Payments	-	-	-	-	-				-
13901 Replacement Housing Factor Funds	-	-	-	-	-				-