

**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, 2011**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO  
GALLUP HOUSING AUTHORITY**

**Board of Commissioners and Management  
June 30, 2011**

|                                    |                    |
|------------------------------------|--------------------|
| 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, 2011

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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, 2011, 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, 2011, 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 opinion.

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, 2011, 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, 2011, 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.

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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 29, 2011 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, 2011, 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.



Griego Professional Services, LLC  
Albuquerque, NM  
November 29, 2011

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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, 2011**

Exhibit A

**ASSETS**

*Current assets:*

|  |    |         |
|--|----|---------|
| Cash and cash equivalents  | \$ | 88,139  |
| Accounts receivable - tenants, net of allowance<br>for doubtful accounts of \$14,571 |    | 24,025  |
| Accounts receivable - Other  |    | 10,990  |
| Due from other governments   |    | 11,995  |
| Inventory  |    | 37,057  |
| <i>Total current assets</i>  |    | 172,206 |

*Noncurrent assets:*

|  |  |           |
|--|--|-----------|
| Restricted cash and cash equivalents                               |  | 201,578   |
| Land, Structures and equipment, net of<br>accumulated depreciation |  | 8,035,415 |
| <i>Total noncurrent assets</i>                                     |  | 8,236,993 |

|                     |    |           |
|---------------------|----|-----------|
| <i>Total assets</i> | \$ | 8,409,199 |
|---------------------|----|-----------|

**LIABILITIES**

*Current liabilities (payable from current assets):*

|  |    |        |
|--|----|--------|
| Accounts payable   | \$ | 32,878 |
| Accrued salaries and benefits                                  |    | 3,851  |
| Deferred Revenue   |    | 4,320  |
| Compensated absences, current amounts                          |    | 534    |
| <i>Total current liabilities (payable from current assets)</i> |    | 41,583 |

*Current liabilities (payable from restricted assets)*

|   |  |        |
|---|--|--------|
| Tenant deposits   |  | 41,115 |
| <i>Total current liabilities (payable from restricted assets)</i> |  | 41,115 |

*Non-current liabilities :*

|  |  |       |
|--|--|-------|
| Compensated absences, net of current amounts |  | 8,721 |
|  |  | 8,721 |

|                          |  |        |
|--------------------------|--|--------|
| <i>Total liabilities</i> |  | 91,419 |
|--------------------------|--|--------|

**NET ASSETS**

|                            |  |           |
|----------------------------|--|-----------|
| Invested in capital assets |  | 8,035,415 |
| Restricted                 |  | 160,463   |
| Unrestricted               |  | 121,902   |
|                            |  | 8,317,780 |

|                         |  |           |
|-------------------------|--|-----------|
| <i>Total net assets</i> |  | 8,317,780 |
|-------------------------|--|-----------|

|   |    |           |
|---|----|-----------|
| <i>Total liabilities and net assets</i> | \$ | 8,409,199 |
|---|----|-----------|

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, 2011**

Exhibit B

|   |                     |
|---|---------------------|
| <i>Operating revenues:</i>                      |                     |
| Charges for services                            | \$ 555,991          |
| Miscellaneous                                   | 47,621              |
|   | <u>603,612</u>      |
| <br><i>Total operating revenues</i>             |                     |
|   | <u>603,612</u>      |
| <br><i>Operating expenses:</i>                  |                     |
| Administration                                  | 536,324             |
| Tenant services                                 | 122,587             |
| Utilities                                       | 291,056             |
| Ordinary maintenance and operations             | 510,101             |
| Insurance premiums                              | 71,073              |
| General   | 33,978              |
| Depreciation                                    | 244,077             |
|   | <u>1,809,196</u>    |
| <br><i>Total operating expenses</i>             |                     |
|   | <u>1,809,196</u>    |
| <br><i>Operating loss</i>                       |                     |
|   | <u>(1,205,584)</u>  |
| <br><i>Non-operating revenues(expenses):</i>    |                     |
| Interest income                                 | 92                  |
| Operating grants                                | 937,513             |
| Capital grants                                  | 1,136,058           |
| Housing assistance payments                     | (101,707)           |
| Gain (loss) on disposal of equipment            | 15,762              |
| Equity transfers in (out)                       | 321,931             |
|   | <u>2,309,649</u>    |
| <br><i>Total non-operating revenues</i>         |                     |
|   | <u>2,309,649</u>    |
| <br><i>Change in net assets</i>                 |                     |
|   | 1,104,065           |
| <br><i>Total net assets - beginning of year</i> |                     |
|   | <u>7,213,715</u>    |
| <br><i>Total net assets - end of year</i>       |                     |
|   | <u>\$ 8,317,780</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, 2011**

Exhibit C

|  | Net Assets<br>Invested in<br>Capital Assets | Restricted<br>Net Assets | Unrestricted<br>Net Assets | Total               |
|--|---|--------------------------|----------------------------|---------------------|
| Balance June 30, 2010  | \$ 7,062,058                                | \$ 53,404                | \$ 98,253                  | \$ 7,213,715        |
| Net change in net assets for the<br>year ended June 30, 2011 | <u>973,357</u>                              | <u>107,059</u>           | <u>23,649</u>              | <u>1,104,065</u>    |
| Balance June 30, 2011  | <u>\$ 8,035,415</u>                         | <u>\$ 160,463</u>        | <u>\$ 121,902</u>          | <u>\$ 8,317,780</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, 2011**

Exhibit D

|   |                              |
|---|------------------------------|
| <i>Cash flows from operating activities:</i>  |                              |
| Cash received from customers  | \$ 766,909                   |
| Cash paid to suppliers and employees  | (1,827,644)                  |
| <i>Net cash (used) by capital financing activities</i>                                    | <u>(1,060,735)</u>           |
| <br><i>Cash flows used by noncapital financing activities:</i>                            |                              |
| Intergovernmental HUD subsidy   | 2,073,571                    |
| Housing assistance payments   | (101,707)                    |
| Gain on sale  | 15,762                       |
| Transfers in(out) from capital project fund   | 321,931                      |
| <i>Net cash provided by noncapital financing activities</i>                               | <u>2,309,557</u>             |
| <br><i>Cash flows used by capital financing activities:</i>                               |                              |
| Acquisition and construction of capital assets  | (1,217,434)                  |
| <i>Net cash provided by capital financing activities</i>                                  | <u>(1,217,434)</u>           |
| <br><i>Cash flows from investing activities:</i>  |                              |
| Interest received   | 92                           |
| <i>Net cash provided by investing activities</i>  | <u>92</u>                    |
| <i>Net (decrease) in cash and cash equivalents</i>  | 31,480                       |
| <i>Cash and cash equivalents - beginning of year</i>                                      | <u>258,237</u>               |
| <i>Cash and cash equivalents - end of year</i>  | <u><u>\$ 289,717</u></u>     |
| <br><i>Reconciliation of operating (loss) to net cash (used) by operating activities:</i> |                              |
| Operating (loss)  | \$ (1,205,584)               |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities:     |                              |
| Depreciation  | 244,077                      |
| (Increase) decrease in:   |                              |
| Accounts receivable   | 241,058                      |
| Inventory   | (23,295)                     |
| Increase (decrease) in:   |                              |
| Accounts payable  | (160,418)                    |
| Accrued expenses  | (27,863)                     |
| Deferred revenue  | (77,761)                     |
| Compensated absences  | (50,949)                     |
| <i>Net cash (used) by operating activities</i>  | <u><u>\$ (1,060,735)</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, 2011**

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

**Veterans Affairs Supportive Housing (HUD VASH) Program** – Funded by HUD, the program funds are used to provide housing assistance payments to qualifying veterans. Per HUD requirements, these funds are presented within the Section 8 Housing Choice Voucher Program on the Financial Statements.

**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.

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

A.    *Financial Reporting Entity (continued)*

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.

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

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**GALLUP HOUSING AUTHORITY**  
**A COMPONENT UNIT OF CITY OF GALLUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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 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

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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, 2011.

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.

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**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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, from December 31, 2010 through December 31, 2012, 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.

|   | <u>First<br/>Community<br/>Bank</u> | <u>Pinnacle<br/>Bank</u> | <u>Washington<br/>Federal<br/>Bank</u> | <u>Wells<br/> Fargo<br/>Bank</u> | <u>Total</u>        |
|---|-------------------------------------|--------------------------|--|----------------------------------|---------------------|
| Total amounts of deposits                                 | \$ 195                              | \$ 307,105               | \$ 142                                 | \$ (435)                         | \$ 307,007          |
| FDIC coverage   | <u>(195)</u>                        | <u>(250,000)</u>         | <u>(142)</u>                           | <u>435</u>                       | <u>(249,902)</u>    |
| Total uninsured public funds                              | <u>\$ —</u>                         | <u>\$ 57,105</u>         | <u>\$ —</u>                            | <u>\$ —</u>                      | <u>\$ 57,105</u>    |
| Collateral requirement<br>(50% of uninsured public funds) | —                                   | 28,553                   | —                                      | —                                | 28,553              |
| Pledged security  | <u>—</u>                            | <u>(343,926)</u>         | <u>—</u>                               | <u>—</u>                         | <u>(343,926)</u>    |
| (Over)/Under-collateralized                               | <u>\$ —</u>                         | <u>\$ (315,373)</u>      | <u>\$ —</u>                            | <u>\$ —</u>                      | <u>\$ (315,373)</u> |

At June 30, 2011, the carrying amount of the Authority's deposits was \$289,717 and the respective balances per the financial institutions totaled \$307,007.

*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, 2011, \$57,105 of the Authority's bank balance of \$307,007 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.

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JUNE 30, 2011

**Note 3    Accounts Receivable**

The Authority's accounts receivable at June 30, 2011, are as follows:

|                               | <u>Accounts<br/>Receivable</u> | <u>Allowance</u> | <u>Net</u>       |
|-------------------------------|--------------------------------|------------------|------------------|
| Accounts receivable – Tenants | \$ 38,596                      | \$ 14,571        | \$ 24,025        |
| Accounts receivable – HUD     | 11,995                         | —                | 11,995           |
| Accounts receivable – Other   | 10,990                         | —                | 10,990           |
|                               | <u>\$ 61,581</u>               | <u>\$ 14,571</u> | <u>\$ 47,010</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, 2011, the Homelessness Prevention fund had a due to other funds balance of \$7,415. The balance was due to the Public Housing Fund.

**Note 5    Land, structures and equipment**

|  | <u>Balance<br/>06/30/2010</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Transfers</u> | <u>Balance<br/>06/30/2011</u> |
|--|-------------------------------|-------------------|------------------|------------------|-------------------------------|
| Capital Assets, Not Being Depreciated: |                               |                   |                  |                  |                               |
| Land                                   | \$ 1,686,162                  | —                 | —                | —                | \$ 1,686,162                  |
| Construction in Progress               | 747,802                       | 325,849           | —                | (400,734)        | 672,917                       |
| Capital Assets, Not Being Depreciated: | <u>2,433,964</u>              | <u>325,849</u>    | <u>—</u>         | <u>(400,734)</u> | <u>2,359,079</u>              |
| Capital Assets, Being Depreciated:     |                               |                   |                  |                  |                               |
| Buildings                              | 10,416,440                    | 826,046           | —                | 400,734          | 11,643,220                    |
| Dwelling Equipment                     | 297,172                       | —                 | —                | —                | 297,172                       |
| Administration Equipment               | 308,805                       | 65,539            | —                | —                | 374,344                       |
| Capital Assets, Being Depreciated:     | <u>11,022,417</u>             | <u>891,585</u>    | <u>—</u>         | <u>400,734</u>   | <u>12,314,736</u>             |
| Total Capital Assets                   | <u>13,456,381</u>             | <u>1,217,434</u>  | <u>—</u>         | <u>—</u>         | <u>14,673,815</u>             |
| Accumulated Depreciation:              |                               |                   |                  |                  |                               |
| Buildings                              | (5,814,242)                   | (208,605)         | —                | —                | (6,022,847)                   |
| Dwelling Equipment                     | (297,172)                     | —                 | —                | —                | (297,172)                     |
| Administration Equipment               | (282,909)                     | (35,472)          | —                | —                | (318,381)                     |
| Total Accumulated Depreciation         | <u>(6,394,323)</u>            | <u>(244,077)</u>  | <u>—</u>         | <u>—</u>         | <u>(6,638,400)</u>            |
| Net Book Value                         | <u>\$ 7,062,058</u>           | <u>\$ 973,359</u> | <u>\$ —</u>      | <u>\$ —</u>      | <u>\$ 8,035,415</u>           |

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**JUNE 30, 2011**

**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, 2011, totaled \$244,075

**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 \$860 and decreases (deletions) of \$51,809 resulting in a net decrease of \$50,949 (\$60,204 at June 30, 2010 to \$9,255 at June 30, 2011) during the year ended June 30, 2011. The amount of this liability due within one year is \$534.

**Note 7 Risk Management**

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

**Note 8 PERA Pension Plan**

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

*Funding Policy:* Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15% of the gross salary. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the year ending June 30, 2011, 2010 and 2009 were \$103,565, \$99,809 and \$90,075. All amounts expended were equal to the amount of the required contributions for each year.



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**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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the year ended June 30, 2011, the statute requires each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and 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> |
|--------------------|-----------------------------------|-----------------------------------|
| 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.

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**JUNE 30, 2011**

**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, 2011, 2010, and 2009 were \$18,998, \$16,848, and \$15,753, 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**

Approximately 80% 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 November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34*, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

**STATE OF NEW MEXICO**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 12 Subsequent Accounting Standard Pronouncements (Continued)**

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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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, 2011**

| <b>ASSETS</b>  | Low-Rent Public Housing Program |                     |                     |
|--|---------------------------------|---------------------|---------------------|
|  | Project 1<br>14,850             | Project 2<br>14,850 | Project 3<br>14,850 |
| <i>Current assets:</i>   |                                 |                     |                     |
| Cash and cash equivalents  | \$ 42,241                       | \$ 7,860            | \$ 12,147           |
| Accounts receivable - tenants, net of allowance<br>for doubtful accounts of \$14,571 | 18,630                          | 1,288               | 4,107               |
| Accounts receivable - Other  | 3,652                           | -                   | -                   |
| Due from other governments   | 11,995                          | -                   | -                   |
| Due from other programs/projects   | 7,415                           | -                   | -                   |
| Inventory  | 26,681                          | 4,076               | 6,300               |
| <i>Total current assets</i>  | 110,614                         | 13,224              | 22,554              |
| <i>Restricted assets:</i>  |                                 |                     |                     |
| Cash and cash equivalents  | 32,175                          | 3,576               | 5,364               |
| Land, structures and equipment, net of<br>accumulated depreciation                   | 5,784,994                       | 801,008             | 1,386,168           |
| <i>Total assets</i>  | \$5,927,783                     | \$ 817,808          | \$1,414,086         |
| <b>LIABILITIES AND NET ASSETS</b>  |                                 |                     |                     |
| <i>Current liabilities (payable from current assets):</i>                            |                                 |                     |                     |
| Accounts payable   | 29,746                          | 1,516               | 1,203               |
| Accrued salaries & benefits  | 1,090                           | 200                 | 254                 |
| Due to other programs/projects   | -                               | -                   | -                   |
| Deferred revenue   | 2,505                           | 934                 | 881                 |
| Compensated absences, current portion  | 194                             | 30                  | 46                  |
| <i>Total current liabilities (payable from current assets)</i>                       | 33,535                          | 2,680               | 2,384               |
| <i>Current liabilities (payable from restricted assets)</i>                          |                                 |                     |                     |
| Tenant deposits  | 32,175                          | 3,576               | 5,364               |
| <i>Total current liabilities (payable from restricted assets)</i>                    | 32,175                          | 3,576               | 5,364               |
| <i>Non-current liabilities :</i>   |                                 |                     |                     |
| Compensated absences, net of current portion   | 3,175                           | 487                 | 752                 |
| <i>Total liabilities</i>   | 68,885                          | 6,743               | 8,500               |
| <i>Net assets:</i>   |                                 |                     |                     |
| Net assets invested in capital assets, net of related debt                           | 5,784,994                       | 801,008             | 1,386,168           |
| Restricted Net Assets  | -                               | -                   | -                   |
| Unrestricted net assets  | 73,904                          | 10,057              | 19,418              |
| <i>Total Net assets</i>  | 5,858,898                       | 811,065             | 1,405,586           |
| <i>Total liabilities and net assets</i>  | \$5,927,783                     | \$ 817,808          | \$1,414,086         |

The accompanying notes are an integral part of these financial statements

| <u>Other Project</u><br>14.850 | <u>Total<br/>Low-Rent<br/>Public Housing<br/>Program</u><br>14.850 | <u>Section 8</u><br>14.871 | <u>Homelessness<br/>Prevention<br/>&amp; Rapid<br/>Rehousing</u><br>14.231 | <u>Total</u>       |
|--------------------------------|--|----------------------------|--|--------------------|
| \$ 7,051                       | \$ 69,299  | \$ 18,763                  | \$ 77  | \$ 88,139          |
| -                              | 24,025   | -                          | -  | 24,025             |
| -                              | 3,652  | -                          | 7,338  | 10,990             |
| -                              | 11,995   | -                          | -  | 11,995             |
| -                              | 7,415  | -                          | -  | 7,415              |
| -                              | 37,057   | -                          | -  | 37,057             |
| <u>7,051</u>                   | <u>153,443</u>   | <u>18,763</u>              | <u>7,415</u>   | <u>179,621</u>     |
| -                              | 41,115   | 160,463                    | -  | 201,578            |
| <u>63,245</u>                  | <u>8,035,415</u>   | <u>-</u>                   | <u>-</u>   | <u>8,035,415</u>   |
| <u>\$ 70,296</u>               | <u>\$ 8,229,973</u>  | <u>\$ 179,226</u>          | <u>\$ 7,415</u>  | <u>\$8,416,614</u> |
| 413                            | 32,878   | -                          | -  | 32,878             |
| 2,307                          | 3,851  | -                          | -  | 3,851              |
| -                              | -  | -                          | 7,415  | 7,415              |
| -                              | 4,320  | -                          | -  | 4,320              |
| <u>250</u>                     | <u>520</u>   | <u>14</u>                  | <u>-</u>   | <u>534</u>         |
| <u>2,970</u>                   | <u>41,569</u>  | <u>14</u>                  | <u>7,415</u>   | <u>48,998</u>      |
| -                              | 41,115   | -                          | -  | 41,115             |
| -                              | 41,115   | -                          | -  | 41,115             |
| <u>4,081</u>                   | <u>8,495</u>   | <u>226</u>                 | <u>-</u>   | <u>8,721</u>       |
| <u>7,051</u>                   | <u>91,179</u>  | <u>240</u>                 | <u>7,415</u>   | <u>98,834</u>      |
| 63,245                         | 8,035,415  | -                          | -  | 8,035,415          |
| -                              | -  | 160,463                    | -  | 160,463            |
| -                              | 103,379  | 18,523                     | -  | 121,902            |
| <u>63,245</u>                  | <u>8,138,794</u>   | <u>178,986</u>             | <u>-</u>   | <u>8,317,780</u>   |
| <u>\$ 70,296</u>               | <u>\$ 8,229,973</u>  | <u>\$ 179,226</u>          | <u>\$ 7,415</u>  | <u>\$8,416,614</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, 2011**

|  | Low-Rent Public Housing Program |                     |                     |
|--|---------------------------------|---------------------|---------------------|
|  | Project 1<br>14.850             | Project 2<br>14.850 | Project 3<br>14.850 |
| <i>Operating revenues:</i>                     |                                 |                     |                     |
| Charges for services                           | \$ 429,698                      | \$ 73,233           | \$ 53,060           |
| Miscellaneous                                  | 42,768                          | 1,041               | 3,812               |
| <i>Total operating revenues</i>                | <u>472,466</u>                  | <u>74,274</u>       | <u>56,872</u>       |
| <i>Operating expenses:</i>                     |                                 |                     |                     |
| Administration                                 | 360,740                         | 56,751              | 63,421              |
| Tenant services                                | -                               | -                   | -                   |
| Utilities                                      | 249,799                         | 27,913              | 13,344              |
| Ordinary maintenance and operations            | 378,557                         | 60,869              | 70,074              |
| Insurance premiums                             | 50,168                          | 9,198               | 11,707              |
| General  | 28,368                          | 2,869               | 2,741               |
| Depreciation                                   | 154,242                         | 28,855              | 56,327              |
| <i>Total operating expenses</i>                | <u>1,221,874</u>                | <u>186,455</u>      | <u>217,614</u>      |
| <i>Operating Income/(loss)</i>                 | <u>(749,408)</u>                | <u>(112,181)</u>    | <u>(160,742)</u>    |
| <i>Non-operating revenues (expenses):</i>      |                                 |                     |                     |
| Interest income                                | 58                              | 7                   | 7                   |
| Operating grants                               | 380,515                         | 34,603              | 139,410             |
| Capital grants                                 | 757,654                         | 255,614             | 122,790             |
| Housing assistance payments                    | -                               | -                   | -                   |
| Gain (loss) on disposal of equipment           | 10,561                          | 2,364               | 2,837               |
| Equity transfers in (out)                      | 439,322                         | 20,858              | (138,249)           |
| <i>Total non-operating revenues (expenses)</i> | <u>1,588,110</u>                | <u>313,446</u>      | <u>126,795</u>      |
| <i>Income (loss) before contributions</i>      | <u>838,702</u>                  | <u>201,265</u>      | <u>(33,947)</u>     |
| <i>Total net assets - beginning of year</i>    | <u>5,020,196</u>                | <u>609,800</u>      | <u>1,439,533</u>    |
| <i>Total net assets - end of year</i>          | <u>\$ 5,858,898</u>             | <u>\$ 811,065</u>   | <u>\$ 1,405,586</u> |

The accompanying notes are an integral part of these financial statements



| <u>Other Project<br/>14.850</u> | <u>Total<br/>Low-Rent<br/>Public Housing<br/>Program<br/>14.850</u> | <u>Section 8<br/>14.871</u> | <u>Homelessness<br/>Prevention<br/>&amp; Rapid<br/>Rehousing<br/>14.231</u> | <u>Total</u>        |
|---------------------------------|---|-----------------------------|---|---------------------|
| \$ -                            | \$ 555,991  | \$ -                        | \$ -  | \$ 555,991          |
| -                               | 47,621  | -                           | -   | 47,621              |
| -                               | 603,612   | -                           | -   | 603,612             |
| -                               | 480,912   | 17,641                      | 37,771  | 536,324             |
| -                               | -   | -                           | 122,587   | 122,587             |
| -                               | 291,056   | -                           | -   | 291,056             |
| -                               | 509,500   | 601                         | -   | 510,101             |
| -                               | 71,073  | -                           | -   | 71,073              |
| -                               | 33,978  | -                           | -   | 33,978              |
| 4,653                           | 244,077   | -                           | -   | 244,077             |
| 4,653                           | 1,630,596   | 18,242                      | 160,358   | 1,809,196           |
| (4,653)                         | (1,026,984)   | (18,242)                    | (160,358)   | (1,205,584)         |
| -                               | 72  | 20                          | -   | 92                  |
| -                               | 554,528   | 222,627                     | 160,358   | 937,513             |
| -                               | 1,136,058   | -                           | -   | 1,136,058           |
| -                               | -   | (101,707)                   | -   | (101,707)           |
| -                               | 15,762  | -                           | -   | 15,762              |
| -                               | 321,931   | -                           | -   | 321,931             |
| -                               | 2,028,351   | 120,940                     | 160,358   | 2,309,649           |
| (4,653)                         | 1,001,367   | 102,698                     | -   | 1,104,065           |
| 67,898                          | 7,137,427   | 76,288                      | -   | 7,213,715           |
| <u>\$ 63,245</u>                | <u>\$ 8,138,794</u>   | <u>\$ 178,986</u>           | <u>\$ -</u>   | <u>\$ 8,317,780</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**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Schedule I

| Financial Institution         | Account Type | Bank<br>Balance | Reconciled<br>Balance |
|-------------------------------|--------------|-----------------|-----------------------|
| First Community Bank          |              |                 |                       |
| Business Checking             | Checking     | \$ 195          | \$ 195                |
| Total First Community Bank    |              | \$ 195          | \$ 195                |
| Pinnacle Bank                 |              |                 |                       |
| Operational                   |              | \$ 91,597       | \$ 71,008             |
| Section 8                     |              | 170,806         | 173,971               |
| Security Deposit              | Checking     | 44,702          | 44,702                |
| Total Pinnacle Bank           |              | \$ 307,105      | \$ 289,681            |
| Washington Federal Bank       |              |                 |                       |
| HPRP Checking                 | Checking     | \$ 142          | \$ 76                 |
| Total Washington Federal Bank |              | \$ 142          | \$ 76                 |
| Wells Fargo Bank              |              |                 |                       |
| Comp Grant                    | Checking     | \$ (435)        | \$ (435)              |
| Total Wells Fargo Bank        |              | \$ (435)        | \$ (435)              |
| Petty Cash                    |              |                 | 200                   |
| Total Cash - June 30, 2011    |              |                 | \$ 289,717            |

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, 2011**

Schedule II

| Name of<br>Depository    | Description<br>of Pledged<br>Collateral                            | Fair<br>Market Value<br>June 30, 2011 |
|--------------------------|--|---------------------------------------|
| Pinnacle Bank            | MBS GNMA I PLATINUM 781763 2.25%<br>Cusip #36225B5Y0 Due 6/15/2019 | <u>343,926</u>                        |
| Total pledged securities |  | <u>\$ 343,926</u>                     |

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, 2011, the combining and individual funds presented as supplemental information of the Agency as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. 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.

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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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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  
November 29, 2011

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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, 2011. 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, 2011.

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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 Agency'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.

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  
November 29, 2011

**STATE OF NEW MEXICO**  
**GALLUP HOUSING AUTHORITY**  
A COMPONENT UNIT OF CITY OF GALLUP  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2011**

Schedule III

| Federal Grantor<br>Program Title  | Federal<br>CFDA<br>Number | Federal<br>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                    | 554,528                    |
| Section 8 Housing Choice Vouchers   | 14.871                    | 222,627                    |
| Capital Fund Stimulus (Formula) Recovery Act Funded                         | 14.885                    | 268,517                    |
| Capital Project Fund (1)  | 14.872                    | 1,136,058                  |
| <i>Subtotal Direct U.S. Department of Housing and Urban Development</i>     |                           | <u>\$ 2,181,730</u>        |
| <i>Passthrough State of New Mexico Mortgage Finance Authority</i>           |                           |                            |
| Homeless Prevention and Rapid Rehousing Program                             | 14.257                    | 160,358                    |
| <i>Subtotal Passthrough State of New Mexico Mortgage Finance Authority</i>  |                           | <u>\$ 160,358</u>          |
| Total U.S. Department of Housing and Urban Development                      |                           | <u><u>\$ 2,342,088</u></u> |
| Total Federal Financial Assistance  |                           | <u><u>\$ 2,342,088</u></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 | \$ | 2,342,088        |
| Total expenditures funded by other sources                                   |    | <u>786,247</u>   |
| Total expenditures   | \$ | <u>3,128,335</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, 2011**

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 deficiency identified?   | No          |
| c. Control deficiency identified not considered to be a significant deficiency? | No          |
| d. Noncompliance material to financial statements noted?                        | No          |

*Federal Awards:*

|   |  |             |                 |        |        |        |                                 |        |                      |  |
|---|--|-------------|-----------------|--------|--------|--------|---------------------------------|--------|----------------------|--|
| 1. Internal control over major programs:  |  |             |                 |        |        |        |                                 |        |                      |  |
| a. Material weakness identified?  |  | No          |                 |        |        |        |                                 |        |                      |  |
| b. Significant deficiency identified?   |  | No          |                 |        |        |        |                                 |        |                      |  |
| c. Control deficiency identified not considered to be a 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 border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">CFDA</td> <td style="text-align: center;">Federal Program</td> </tr> <tr> <td style="text-align: center;">Number</td> <td style="text-align: center;">Number</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        | Federal Program | Number | Number | 14.850 | Low-Rent Public Housing Program | 14.872 | Capital Project Fund |  |
| CFDA  | Federal Program  |             |                 |        |        |        |                                 |        |                      |  |
| Number  | Number   |             |                 |        |        |        |                                 |        |                      |  |
| 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, 2011**

Schedule IV

**Section I – Financial Statement Findings**

**FS 08-07 — Internal Control over Financial Reporting-Material Weakness-Repeated**

*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 115 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 115 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 115 qualifications.

*Management's Response:* Executive Director has during this past year attended industry trainings related to GASB processes, University of Phoenix, no longer offers single unit certifications, Casterline and Associates or Millman Group will provide a specific SAS-112/ GASB statement course for Gallup Housing Authority, with these, this finding will not be repeated for FYE 2012.

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

**None**

**Section III – Prior Year Audit Findings**

FS 08-01 – Audit Report Not Submitted Timely- Resolved  
FS 08-07 – Internal Control over Financial Reporting-Repeated  
FA-10-01 — Non-Compliance with Uniform Financial Reporting Standards-Resolved  
FA-10-02 — Depository Agreements-Resolved  
FA-10-03 — Asset Management-Fee-Cost-Approach-Resolved

**Section IV – Other Disclosures**

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The County's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 29, 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, Partner  
Benjamin Martinez, CPA

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**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: 06/30/2011

|   | NM006000001   | NM006000002 | NM006000003   | OTHER PROJ    | Project Total | 14.885 Formula<br>Capital Fund | 14.871 Housing<br>Choice Vouchers | 2 State/Local | 14.VSH HUD-<br>VETERANS AFFAIRS<br>SUPPORTIVE<br>HOUSING (HUD-VASH)<br>PROGRAM | Subtotal      | ELIM      | Total         |
|---|---------------|-------------|---------------|---------------|---------------|--------------------------------|-----------------------------------|---------------|--|---------------|-----------|---------------|
| 111 Cash - Unrestricted   | \$42,241      | \$7,860     | \$12,147      | \$7,051       | \$69,299      |                                | \$18,764                          | \$76          |  | \$88,139      |           | \$88,139      |
| 112 Cash - Restricted - Modernization and Development             |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 113 Cash - Other Restricted                                       |               |             |               |               |               |                                | \$42,779                          |               | \$117,684  | \$160,463     |           | \$160,463     |
| 114 Cash - Tenant Security Deposits                               | \$32,175      | \$3,576     | \$5,364       |               | \$41,115      |                                |                                   |               |  | \$41,115      |           | \$41,115      |
| 115 Cash - Restricted for Payment of Current Liabilities          |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 100 Total Cash  | \$74,416      | \$11,436    | \$17,511      | \$7,051       | \$110,414     | \$0                            | \$61,543                          | \$76          | \$117,684  | \$289,717     | \$0       | \$289,717     |
| 121 Accounts Receivable - PHA Projects                            |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 122 Accounts Receivable - HUD Other Projects                      | \$11,994      |             |               |               | \$11,994      | \$139                          |                                   |               |  | \$12,133      |           | \$12,133      |
| 124 Accounts Receivable - Other Government                        |               |             |               |               |               |                                |                                   | \$7,338       |  | \$7,338       |           | \$7,338       |
| 125 Accounts Receivable - Miscellaneous                           | \$1,476       |             |               |               | \$1,476       |                                |                                   |               |  | \$1,476       |           | \$1,476       |
| 126 Accounts Receivable - Tenants                                 | \$31,357      | \$2,053     | \$5,186       |               | \$38,596      |                                |                                   |               |  | \$38,596      |           | \$38,596      |
| 126.1 Allowance for Doubtful Accounts - Tenants                   | (\$12,727)    | (\$765)     | (\$1,079)     |               | (\$14,571)    |                                |                                   |               |  | (\$14,571)    |           | (\$14,571)    |
| 126.2 Allowance for Doubtful Accounts - Other                     | \$0           |             |               |               | \$0           | \$0                            |                                   | \$0           |  | \$0           |           | \$0           |
| 127 Notes, Loans, & Mortgages Receivable - Current                | \$2,176       |             |               |               | \$2,176       |                                |                                   |               |  | \$2,176       |           | \$2,176       |
| 128 Fraud Recovery  |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 128.1 Allowance for Doubtful Accounts - Fraud                     |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 129 Accrued Interest Receivable                                   |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts    | \$34,276      | \$1,288     | \$4,107       | \$0           | \$39,671      | \$139                          | \$0                               | \$7,338       | \$0  | \$47,148      | \$0       | \$47,148      |
| 131 Investments - Unrestricted                                    |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 132 Investments - Restricted                                      |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 135 Investments - Restricted for Payment of Current Liability     |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 142 Prepaid Expenses and Other Assets                             |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 143 Inventories   | \$26,681      | \$4,076     | \$6,300       |               | \$37,057      |                                |                                   |               |  | \$37,057      |           | \$37,057      |
| 143.1 Allowance for Obsolete Inventories                          | \$0           | \$0         | \$0           |               | \$0           |                                |                                   |               |  | \$0           |           | \$0           |
| 144 Inter Program Due From  | \$7,553       |             |               |               | \$7,553       |                                |                                   |               |  | \$7,553       | (\$7,553) | \$0           |
| 145 Assets Held for Sale  |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 150 Total Current Assets  | \$142,926     | \$16,800    | \$27,918      | \$7,051       | \$194,695     | \$139                          | \$61,543                          | \$7,414       | \$117,684  | \$381,475     | (\$7,553) | \$373,922     |
| 161 Land  | \$1,486,872   | \$75,593    | \$116,825     | \$6,872       | \$1,686,162   |                                |                                   |               |  | \$1,686,162   |           | \$1,686,162   |
| 162 Buildings   | \$6,781,537   | \$1,116,515 | \$2,196,709   | \$1,548,458   | \$11,643,219  |                                |                                   |               |  | \$11,643,219  |           | \$11,643,219  |
| 163 Furniture, Equipment & Machinery - Dwellings                  | \$210,992     | \$35,660    | \$50,519      |               | \$297,171     |                                |                                   |               |  | \$297,171     |           | \$297,171     |
| 164 Furniture, Equipment & Machinery - Administration             | \$131,204     | \$16,270    | \$23,505      | \$188,564     | \$359,543     |                                | \$14,802                          |               |  | \$374,345     |           | \$374,345     |
| 165 Leasehold Improvements  |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 166 Accumulated Depreciation                                      | (\$3,361,459) | (\$493,031) | (\$1,088,458) | (\$1,680,649) | (\$6,623,597) |                                | (\$14,802)                        |               |  | (\$6,638,399) |           | (\$6,638,399) |
| 167 Construction in Progress                                      | \$535,849     | \$50,000    | \$87,068      |               | \$672,917     |                                |                                   |               |  | \$672,917     |           | \$672,917     |
| 168 Infrastructure  |               |             |               |               |               |                                |                                   |               |  |               |           |               |
| 160 Total Capital Assets, Net of Accumulated Depreciation         | \$5,784,995   | \$801,007   | \$1,386,168   | \$63,245      | \$8,035,415   | \$0                            | \$0                               | \$0           | \$0  | \$8,035,415   | \$0       | \$8,035,415   |
| 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                                      | \$5,784,995   | \$801,007   | \$1,386,168   | \$63,245      | \$8,035,415   | \$0                            | \$0                               | \$0           | \$0  | \$8,035,415   | \$0       | \$8,035,415   |
| 190 Total Assets  | \$5,927,921   | \$817,807   | \$1,414,086   | \$70,296      | \$8,230,110   | \$139                          | \$61,543                          | \$7,414       | \$117,684  | \$8,416,890   | (\$7,553) | \$8,409,337   |

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



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

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

|   | NM006000001 | NM006000002 | NM006000003 | OTHER PROJ | Project Total | 14.885 Formula<br>Capital Fund<br>Stimulus Grant | 14.871 Housing<br>Choice Vouchers | 2 State/Local | 14.VSH HUD-<br>VETERANS AFFAIRS<br>SUPPORTIVE<br>HOUSING (HUD-VASH)<br>PROGRAM | Subtotal    | ELIM      | Total       |
|---|-------------|-------------|-------------|------------|---------------|--|-----------------------------------|---------------|--|-------------|-----------|-------------|
| 311 Bank Overdraft  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 312 Accounts Payable <= 90 Days   | \$11,862    | \$948       | \$1,202     | \$413      | \$14,425      |  |                                   |               |  | \$14,425    |           | \$14,425    |
| 313 Accounts Payable >90 Days Past Due  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 321 Accrued Wage/Payroll Taxes Payable  | \$1,090     | \$200       | \$254       | \$2,307    | \$3,851       |  |                                   |               |  | \$3,851     |           | \$3,851     |
| 322 Accrued Compensated Absences - Current Portion                              | \$194       | \$30        | \$46        | \$250      | \$520         |  | \$14                              |               |  | \$534       |           | \$534       |
| 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  | \$32,175    | \$3,576     | \$5,364     |            | \$41,115      |  |                                   |               |  | \$41,115    |           | \$41,115    |
| 342 Deferred Revenues   | \$2,505     | \$934       | \$881       |            | \$4,320       |  |                                   |               |  | \$4,320     |           | \$4,320     |
| 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   | \$17,883    | \$568       |             |            | \$18,451      |  |                                   |               |  | \$18,451    |           | \$18,451    |
| 347 Inter Program - Due To  |             |             |             |            |               | \$139  |                                   | \$7,414       |  | \$7,553     | (\$7,553) | \$0         |
| 348 Loan Liability - Current  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 310 Total Current Liabilities   | \$65,709    | \$6,256     | \$7,747     | \$2,970    | \$82,682      | \$139  | \$14                              | \$7,414       | \$0  | \$90,249    | (\$7,553) | \$82,696    |
| 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                                  | \$3,175     | \$487       | \$752       | \$4,081    | \$8,495       |  | \$226                             |               |  | \$8,721     |           | \$8,721     |
| 355 Loan Liability - Non Current  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 356 FASB 5 Liabilities  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 357 Accrued Pension and OPEB Liabilities  |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 350 Total Non-Current Liabilities   | \$3,175     | \$487       | \$752       | \$4,081    | \$8,495       | \$0  | \$226                             | \$0           | \$0  | \$8,721     | \$0       | \$8,721     |
| 300 Total Liabilities   | \$68,884    | \$6,743     | \$8,499     | \$7,051    | \$91,177      | \$139  | \$240                             | \$7,414       | \$0  | \$98,970    | (\$7,553) | \$91,417    |
| 508.1 Invested in Capital Assets, Net of Related Debt                           | \$5,784,995 | \$801,007   | \$1,386,168 | \$63,245   | \$8,035,415   |  |                                   |               |  | \$8,035,415 |           | \$8,035,415 |
| 509.2 Fund Balance Reserved   |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 511.2 Unreserved, Designated Fund Balance                                       |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 511.1 Restricted Net Assets   |             |             |             |            |               |  | \$42,779                          |               | \$117,684  | \$160,463   |           | \$160,463   |
| 512.1 Unrestricted Net Assets   | \$74,042    | \$10,057    | \$19,419    | \$0        | \$103,518     | \$0  | \$18,524                          | \$0           |  | \$122,042   |           | \$122,042   |
| 512.2 Unreserved, Undesignated Fund Balance                                     |             |             |             |            |               |  |                                   |               |  |             |           |             |
| 513 Total Equity/Net Assets   | \$5,859,037 | \$811,064   | \$1,405,587 | \$63,245   | \$8,138,933   | \$0  | \$61,303                          | \$0           | \$117,684  | \$8,317,920 | \$0       | \$8,317,920 |
| 600 Total Liabilities and Equity/Net Assets                                     | \$5,927,921 | \$817,807   | \$1,414,086 | \$70,296   | \$8,230,110   | \$139  | \$61,543                          | \$7,414       | \$117,684  | \$8,416,890 | (\$7,553) | \$8,409,337 |

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

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

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

|   | NM006000001 | NM006000002 | NM006000003 | OTHER PROJ | Project Total | 14.885 Formula<br>Capital Fund<br>Stimulus Grant | 14.871 Housing<br>Choice Vouchers | 2 State/Local | 14 VSH HUD-<br>VETERANS AFFAIRS<br>SUPPORTIVE<br>HOUSING (HUD-VASH)<br>PROGRAM | Subtotal    | ELIM | Total       |
|---|-------------|-------------|-------------|------------|---------------|--|-----------------------------------|---------------|--|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue                         | \$429,698   | \$73,233    | \$53,060    |            | \$555,991     |  |                                   |               |  | \$555,991   |      | \$555,991   |
| 70400 Tenant Revenue - Other                            | \$23,057    |             | \$1,595     |            | \$24,652      |  |                                   |               |  | \$24,652    |      | \$24,652    |
| 70500 Total Tenant Revenue                              | \$452,755   | \$73,233    | \$54,655    | \$0        | \$580,643     | \$0  | \$0                               | \$0           | \$0  | \$580,643   | \$0  | \$580,643   |
| 70600 HUD PHA Operating Grants                          | \$574,766   | \$61,032    | \$180,254   |            | \$816,052     | \$139  | \$104,043                         |               | \$118,584  | \$1,038,818 |      | \$1,038,818 |
| 70610 Capital Grants                                    | \$563,403   | \$229,185   | \$81,946    |            | \$874,534     | \$322,070  |                                   |               |  | \$1,196,604 |      | \$1,196,604 |
| 70710 Management Fee                                    |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 70720 Asset Management Fee                              |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 70730 Book Keeping Fee                                  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 70740 Front Line Service Fee                            |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 70750 Other Fees  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 70700 Total Fee Revenue                                 |             |             |             |            |               |  |                                   |               |  | \$0         | \$0  | \$0         |
| 70800 Other Government Grants                           |             |             |             |            |               |  |                                   | \$160,357     |  | \$160,357   |      | \$160,357   |
| 71100 Investment Income - Unrestricted                  | \$58        | \$7         | \$7         |            | \$72          |  |                                   |               |  | \$72        |      | \$72        |
| 71200 Mortgage Interest Income                          |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 71310 Cost of Sale of Assets                            |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 71400 Fraud Recovery                                    | \$2,634     |             |             |            | \$2,634       |  |                                   |               |  | \$2,634     |      | \$2,634     |
| 71500 Other Revenue                                     | \$17,077    | \$1,041     | \$2,217     |            | \$20,335      |  |                                   |               |  | \$20,335    |      | \$20,335    |
| 71600 Gain or Loss on Sale of Capital Assets            | \$10,561    | \$2,364     | \$2,837     |            | \$15,762      |  |                                   |               |  | \$15,762    |      | \$15,762    |
| 72000 Investment Income - Restricted                    |             |             |             |            |               |  | \$20                              |               |  | \$20        |      | \$20        |
| 70000 Total Revenue                                     | \$1,621,254 | \$366,862   | \$321,916   | \$0        | \$2,310,032   | \$322,209  | \$104,063                         | \$160,357     | \$118,584  | \$3,015,245 | \$0  | \$3,015,245 |
| 91100 Administrative Salaries                           | \$27,365    |             |             |            | \$27,365      | \$139  | \$6,304                           | \$31,917      |  | \$65,725    |      | \$65,725    |
| 91200 Auditing Fees                                     | \$6,420     | \$1,177     | \$1,498     |            | \$9,095       |  |                                   |               |  | \$9,095     |      | \$9,095     |
| 91300 Management Fee                                    |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 91310 Book-keeping Fee                                  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 91400 Advertising and Marketing                         |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 91500 Employee Benefit contributions - Administrative   | \$5,521     |             |             |            | \$5,521       |  | \$1,758                           | \$5,199       |  | \$12,478    |      | \$12,478    |
| 91600 Office Expenses                                   | \$21,726    | \$13,309    | \$3,033     |            | \$38,068      |  | \$187                             |               |  | \$38,255    |      | \$38,255    |
| 91700 Legal Expense                                     | \$393       |             |             |            | \$393         |  |                                   |               |  | \$393       |      | \$393       |
| 91800 Travel  | \$438       | \$80        | \$102       |            | \$620         |  |                                   | \$653         |  | \$1,273     |      | \$1,273     |
| 91810 Allocated Overhead                                | \$228,527   | \$31,305    | \$43,827    |            | \$303,659     |  | \$9,391                           |               |  | \$313,050   |      | \$313,050   |
| 91900 Other   | \$70,349    | \$10,880    | \$14,961    |            | \$96,190      |  |                                   |               |  | \$96,190    |      | \$96,190    |
| 91000 Total Operating - Administrative                  | \$360,739   | \$56,751    | \$63,421    | \$0        | \$480,911     | \$139  | \$17,640                          | \$37,769      | \$0  | \$536,459   | \$0  | \$536,459   |
| 92000 Asset Management Fee                              |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 92100 Tenant Services - Salaries                        |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 92200 Relocation Costs                                  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 92300 Employee Benefit Contributions - Tenant Services  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 92400 Tenant Services - Other                           |             |             |             |            |               |  |                                   | \$122,588     |  | \$122,588   |      | \$122,588   |
| 92500 Total Tenant Services                             | \$0         | \$0         | \$0         | \$0        | \$0           | \$0  | \$0                               | \$122,588     | \$0  | \$122,588   | \$0  | \$122,588   |
| 93100 Water   | \$61,825    | \$4,896     | \$4,571     |            | \$71,292      |  |                                   |               |  | \$71,292    |      | \$71,292    |
| 93200 Electricity                                       | \$64,652    | \$9,328     | \$2,328     |            | \$76,308      |  |                                   |               |  | \$76,308    |      | \$76,308    |
| 93300 Gas   | \$75,205    | \$10,464    | \$4,769     |            | \$90,438      |  |                                   |               |  | \$90,438    |      | \$90,438    |
| 93400 Fuel  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 93500 Labor   |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 93600 Sewer   | \$34,390    | \$2,380     | \$1,024     |            | \$37,794      |  |                                   |               |  | \$37,794    |      | \$37,794    |
| 93700 Employee Benefit Contributions - Utilities        |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 93800 Other Utilities Expense                           | \$13,727    | \$845       | \$652       |            | \$15,224      |  |                                   |               |  | \$15,224    |      | \$15,224    |
| 93000 Total Utilities                                   | \$249,799   | \$27,913    | \$13,344    | \$0        | \$291,056     | \$0  | \$0                               | \$0           | \$0  | \$291,056   | \$0  | \$291,056   |

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

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

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

|   | NM006000001 | NM006000002 | NM006000003 | OTHER PROJ | Project Total | 14.885 Formula<br>Capital Fund<br>Stimulus Grant | 14.871 Housing<br>Choice Vouchers | 2 State/Local | 14 VSH HUD-<br>VETERANS AFFAIRS<br>SUPPORTIVE<br>HOUSING (HUD-VASH)<br>PROGRAM | Subtotal    | ELIM | Total       |
|---|-------------|-------------|-------------|------------|---------------|--|-----------------------------------|---------------|--|-------------|------|-------------|
| 94100 Ordinary Maintenance and Operations - Labor               | \$166,088   | \$26,946    | \$37,043    |            | \$230,077     |  | \$470                             |               |  | \$230,547   |      | \$230,547   |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$81,175    | \$9,935     | \$8,031     |            | \$99,141      |  |                                   |               |  | \$99,141    |      | \$99,141    |
| 94300 Ordinary Maintenance and Operations Contracts             | \$97,380    | \$19,343    | \$17,904    |            | \$134,627     |  |                                   |               |  | \$134,627   |      | \$134,627   |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     | \$33,917    | \$4,646     | \$7,096     |            | \$45,659      |  | \$131                             |               |  | \$45,790    |      | \$45,790    |
| 94000 Total Maintenance   | \$378,560   | \$60,870    | \$70,074    | \$0        | \$509,504     | \$0  | \$601                             | \$0           | \$0  | \$510,105   | \$0  | \$510,105   |
| 95100 Protective Services - Labor                               |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 95200 Protective Services - Other Contract Costs                |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 95300 Protective Services - Other                               |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 95500 Employee Benefit Contributions - Protective Services      |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 95000 Total Protective Services                                 | \$0         | \$0         | \$0         | \$0        | \$0           | \$0  | \$0                               | \$0           | \$0  | \$0         | \$0  | \$0         |
| 96110 Property Insurance  | \$27,737    | \$5,085     | \$6,472     |            | \$39,294      |  |                                   |               |  | \$39,294    |      | \$39,294    |
| 96120 Liability Insurance                                       | \$9,877     | \$1,811     | \$2,305     |            | \$13,993      |  |                                   |               |  | \$13,993    |      | \$13,993    |
| 96130 Workmen's Compensation                                    | \$6,801     | \$1,247     | \$1,587     |            | \$9,635       |  |                                   |               |  | \$9,635     |      | \$9,635     |
| 96140 All Other Insurance                                       | \$5,753     | \$1,055     | \$1,343     |            | \$8,151       |  |                                   |               |  | \$8,151     |      | \$8,151     |
| 96100 Total insurance Premiums                                  | \$50,168    | \$9,198     | \$11,707    | \$0        | \$71,073      | \$0  | \$0                               | \$0           | \$0  | \$71,073    | \$0  | \$71,073    |
| 96200 Other General Expenses                                    | \$3,770     | \$701       | \$796       |            | \$5,267       |  |                                   |               |  | \$5,267     |      | \$5,267     |
| 96210 Compensated Absences                                      |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 96300 Payments in Lieu of Taxes                                 |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 96400 Bad debt - Tenant Rents                                   | \$24,598    | \$2,168     | \$1,944     |            | \$28,710      |  |                                   |               |  | \$28,710    |      | \$28,710    |
| 96500 Bad debt - Mortgages                                      |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 96600 Bad debt - Other  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 96800 Severance Expense   |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 96000 Total Other General Expenses                              | \$28,368    | \$2,869     | \$2,740     | \$0        | \$33,977      | \$0  | \$0                               | \$0           | \$0  | \$33,977    | \$0  | \$33,977    |
| 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              | \$0         | \$0         | \$0         | \$0        | \$0           | \$0  | \$0                               | \$0           | \$0  | \$0         | \$0  | \$0         |
| 96900 Total Operating Expenses                                  | \$1,067,634 | \$157,601   | \$161,286   | \$0        | \$1,386,521   | \$139  | \$18,241                          | \$160,357     | \$0  | \$1,565,258 | \$0  | \$1,565,258 |
| 97000 Excess of Operating Revenue over Operating Expenses       | \$553,620   | \$209,261   | \$160,630   | \$0        | \$923,511     | \$322,070  | \$85,822                          | \$0           | \$118,584  | \$1,449,987 | \$0  | \$1,449,987 |
| 97100 Extraordinary Maintenance                                 |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97200 Casualty Losses - Non-capitalized                         |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97300 Housing Assistance Payments                               |             |             |             |            |               |  | \$100,807                         |               | \$900  | \$101,707   |      | \$101,707   |
| 97350 HAP Portability-In  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97400 Depreciation Expense                                      | \$154,240   | \$28,855    | \$56,327    | \$4,653    | \$244,075     |  |                                   |               |  | \$244,075   |      | \$244,075   |
| 97500 Fraud Losses  |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97600 Capital Outlays - Governmental Funds                      |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97700 Debt Principal Payment - Governmental Funds               |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 97800 Dwelling Units Rent Expense                               |             |             |             |            |               |  |                                   |               |  |             |      |             |
| 90000 Total Expenses  | \$1,221,874 | \$186,456   | \$217,613   | \$4,653    | \$1,630,596   | \$139  | \$119,048                         | \$160,357     | \$900  | \$1,911,040 | \$0  | \$1,911,040 |

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

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 06/30/2011

|   | NM006000001 | NM006000002 | NM006000003 | OTHER PROJ | Project Total | 14.885 Formula<br>Capital Fund<br>Stimulus Grant | 14.871 Housing<br>Choice Vouchers | 2 State/Local | 14 VSH HUD-<br>VETERANS AFFAIRS<br>SUPPORTIVE<br>HOUSING (HUD-VASH)<br>PROGRAM | Subtotal    | ELIM        | Total       |
|---|-------------|-------------|-------------|------------|---------------|--|-----------------------------------|---------------|--|-------------|-------------|-------------|
| 10010 Operating Transfer In   | \$194,251   | \$26,429    | \$40,844    |            | \$261,524     |  |                                   |               |  | \$261,524   | (\$261,524) | \$0         |
| 10020 Operating transfer Out  | (\$194,251) | (\$26,429)  | (\$40,844)  |            | (\$261,524)   |  |                                   |               |  | (\$261,524) | \$261,524   | \$0         |
| 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                               | \$19,000    |             |             |            | \$19,000      |  |                                   |               |  | \$19,000    | (\$19,000)  | \$0         |
| 10092 Inter Project Excess Cash Transfer Out                              |             |             | (\$19,000)  |            | (\$19,000)    |  |                                   |               |  | (\$19,000)  | \$19,000    | \$0         |
| 10093 Transfers between Program and Project - In                          |             |             |             |            |               |  |                                   |               |  |             |             |             |
| 10094 Transfers between Project and Program - Out                         |             |             |             |            |               |  |                                   |               |  |             |             |             |
| 10100 Total Other financing Sources (Uses)                                | \$19,000    | \$0         | (\$19,000)  | \$0        | \$0           | \$0  | \$0                               | \$0           | \$0  | \$0         | \$0         | \$0         |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | \$418,380   | \$180,406   | \$85,303    | (\$4,653)  | \$679,436     | \$322,070  | (\$14,985)                        | \$0           | \$117,684  | \$1,104,205 | \$0         | \$1,104,205 |
| 11020 Required Annual Debt Principal Payments                             | \$0         | \$0         | \$0         | \$0        | \$0           | \$0  | \$0                               | \$0           | \$0  | \$0         | \$0         | \$0         |
| 11030 Beginning Equity  | \$5,020,196 | \$609,800   | \$1,439,533 | \$67,898   | \$7,137,427   | \$0  | \$76,288                          | \$0           | \$0  | \$7,213,715 |             | \$7,213,715 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$420,461   | \$20,858    | (\$119,249) |            | \$322,070     | (\$322,070)                                      |                                   |               |  | \$0         |             | \$0         |
| 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   |             |             |             |            |               |  | \$18,524                          |               |  | \$18,524    |             | \$18,524    |
| 11180 Housing Assistance Payments Equity                                  |             |             |             |            |               |  | \$42,779                          |               |  | \$42,779    |             | \$42,779    |
| 11190 Unit Months Available   | 1964        | 348         | 425         | 0          | 2737          |  | 556                               | 2             | 2  | 3295        |             | 3295        |
| 11210 Number of Unit Months Leased  | 1809        | 308         | 416         | 0          | 2533          |  | 241                               | 2             | 2  | 2776        |             | 2776        |
| 11270 Excess Cash   | (\$38,433)  | (\$6,665)   | \$431       | \$0        | (\$44,667)    |  |                                   |               |  | (\$44,667)  |             | (\$44,667)  |
| 11610 Land Purchases  | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |
| 11620 Building Purchases  | \$830,273   | \$225,335   | \$75,996    | \$0        | \$1,131,604   |  |                                   |               |  | \$1,131,604 |             | \$1,131,604 |
| 11630 Furniture & Equipment - Dwelling Purchases                          | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |
| 11640 Furniture & Equipment - Administrative Purchases                    | \$55,200    | \$3,850     | \$5,950     | \$0        | \$65,000      |  |                                   |               |  | \$65,000    |             | \$65,000    |
| 11650 Leasehold Improvements Purchases                                    | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |
| 11660 Infrastructure Purchases  | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |
| 13510 CFFP Debt Service Payments  | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |
| 13901 Replacement Housing Factor Funds                                    | \$0         | \$0         | \$0         | \$0        | \$0           |  |                                   |               |  | \$0         |             | \$0         |

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