

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**Financial Statements And Independent Auditor's Report
And Additional Information**

For The Year Ended September 30, 2005

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(a Public Corporation)

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September 30, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Guam Housing and Urban Renewal Authority:

I have audited the accompanying statements of net assets, revenues, expenses and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam as of and for the year ended September 30, 2005, which collectively comprise GHURA's basic financial statements. These financial statements are the responsibility of the GHURA's management. My responsibility is to express an opinion on these financial statements based on my audit.


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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Guam Housing and Urban Renewal Authority as of September 30, 2005, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Guam Housing and Urban Renewal Authority's management. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements and schedules listed in Section I. E. of the foregoing Table of Contents, which is also the responsibility of the management of GHURA, is presented for purposes of additional analysis and is not a required part of the financial statements of GHURA. The accompanying Schedule of Expenditures of Federal Awards on page 105 is presented for purposes of additional analysis, as required by the U.S Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The accompanying Financial Data Schedule on pages 18 to 22 is presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2006 on my consideration of Guam Housing and Urban Renewal Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial compliance or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with report in considering the results of my audit.


Hagåtña, Guam
June 5, 2006

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS September 30, 2005

As the management of the Guam Housing and Urban Renewal Authority (the "Authority"), a component unit of the Government of Guam, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 23.

Financial Highlights

- The Authority had revenues of \$39,739,371 and expenses of \$41,637,090 for the year ended September 30, 2005 (\$43,919,960 and expenses of \$43,561,662 for the year ended September 30, 2004), representing decreases of \$4,180,590 and \$1,924,573 (9.7% and 4.4%), respectively, from September 30, 2004.
- Total assets of the Authority decreased by \$2,661,596, representing a decrease of approximately 4.8% as of September 30, 2005.
- The Authority's cash and cash equivalents at September 30, 2005 totaled \$10,754,639, an increase of \$1,151,783, or approximately 12%, from September 30, 2004.
- The Authority's working capital decreased by \$1,277,134, or approximately 12% at September 30, 2005.

Overview of the Financial Statements

The management discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) authority-wide financial statements and 2) notes to the financial statements. This report also contains the Schedule of Expenditures of Federal Awards as supplementary information in addition to the basic financial statements themselves.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2005

Authority-Wide Financial Statements

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

The Statement of Net Assets presents information on all of the Authority's assets and liabilities with the difference between the two reported as net assets. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the authority-wide financial statements. The notes to the financial statements can be found on pages 29 through 49 of this report.

Supplementary Information

The 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. The Schedule of Expenditures of Federal Awards can be found on page 105 of this report.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund type, namely an Enterprise fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Authority's Funds

Business Type Funds

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's Public Housing properties.

Section 8 Housing Choice Voucher Program – Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Community Development Funds

Community Development Block Grants (CDBG)

The Authority actively pursues its community development program through CDBG funded projects. These grants, which are awarded annually by HUD, assist the Authority in projects such as the construction and renovation of community and senior centers, head start classrooms, and fire stations to primarily benefit low and moderate-income persons. Low and moderate income is defined as 80% of the median income for the Territory, as adjusted by family size.

Affordable Housing Funds

HOME Investment Partnerships Program

Funds for this program, also awarded by HUD, serve to expand the supply of affordable housing, primarily rental housing, assistance to homebuyers, housing rehabilitation, and to partner with non-profit organizations in the construction and operation of affordable housing that benefits low and very low income individuals.

State and Local Funds

Consist of various community projects funded through the local government and grants-in aid. Includes programs for land sales and leases to low to moderate-income individuals and various urban renewal and development projects.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Authority-Wide Financial Statements

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

	2005 (in millions of dollars)	2004 (in millions of dollars)
Current and Other Assets	\$ 17.4	\$ 16.9
Capital Assets, Net	35.2	38.3
Total Assets	52.6	55.2
Current and Other Liabilities	8.1	6.4
Long-Term Liabilities	1.8	1.8
Total Liabilities	9.9	8.2
Net Assets:		
Invested in Capital Assets, Net of Related Debt	37.8	41.2
Restricted	0.4	1.2
Unrestricted	4.5	4.6
Total Net Assets	\$ 42.7	\$ 47.0

During 2005, there was an overall net decrease in assets of \$2.7 million. The net decrease was primarily attributable to a \$1.8 million transfer of real property to a local non-profit organization, and use of \$0.9 million in cash for project expenses.

For more detailed information see pages 23 through 25 for the Statement of Net Assets.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Major Factors Affecting the Statement of Net Assets

Table 2 presents details on the change in Unrestricted Net Assets for the fiscal year ended September 30, 2005.

TABLE 2
CHANGE IN UNRESTRICTED NET ASSETS

	2005	2004
	Amount (millions of <u>dollars</u>)	Amount (millions of <u>dollars</u>)
Unrestricted Net Assets at End of Year	\$ 4.5	\$4.6
Results of Operations	-1.9	0.4
Adjustments:		
Depreciation (1)	2.4	2.2
Adjusted Results from Operations	0.5	2.6
Reclassification to Restricted Assets	0.0	0.5
Capital Activity, net	0.0	-2.5
Prior period adjustment	<u>-0.6</u>	<u>0.0</u>
Unrestricted Net Assets at Beginning of Year	<u>\$ 4.6</u>	<u>\$ 4.0</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

TABLE 3
STATEMENT OF REVENUES AND EXPENSES

The following schedule compares the revenues and expenses for the current and previous fiscal years. The Authority is engaged only in Business-Type Activities.

	2005 (millions of <u>dollars</u>)	2004 (millions of <u>dollars</u>)
Revenues:		
Operating Subsidies and Grants	\$37.6	\$40.3
Capital Grants	0.7	2.1
Other Income	1.1	1.2
Tenant Revenue – Rents and Other	0.2	0.2
Investment Income	0.1	0.1
Total Revenue	<u>39.7</u>	<u>43.9</u>
Expenses:		
Housing Assistance Payments	27.7	30.3
Administrative	6.1	7.4
Maintenance	4.2	2.9
Depreciation	2.4	2.2
General and Other	0.6	0.4
Utilities	0.2	0.2
Tenant Services	0.4	0.1
Total Expenses	<u>41.6</u>	<u>43.5</u>
Excess (Deficiency) of Operating Revenues over Expenses	<u>\$ (1.9)</u>	<u>\$ 0.04</u>

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2005

Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Assets

Revenues

Tenant Revenue

Tenant related revenue, which accounted for 0.6% of total current year revenues, increased by \$3,604, or approximately 1.5%, from the prior year. This increase is attributed to increased tenant charges for the period, compliance enforcement efforts, and effects of expiration of earned income disregard.

Operating Subsidies and Grants

Operating subsidies, operating and capital grant revenue decreased by a net \$4.1 million or approximately 9.7% from the prior year (FY 2004 increased by approximately \$5.5 million, or 14.9%). The net decrease resulted primarily from a reduction in current year leasing activity, and an adjustment for RIM review errors, for the Housing Choice Voucher program, which amounted to a \$3.4 million (or 10.6%) reduction in revenues from prior year. The remaining difference was attributable to a \$1.4 million (or 59.8%) decrease in modernization activity for the Capital Fund Program, a net \$0.8 million decrease in CDBG and related program activity, and a \$1.5 million (or 547%) increase in HOME program project activity in the current year.

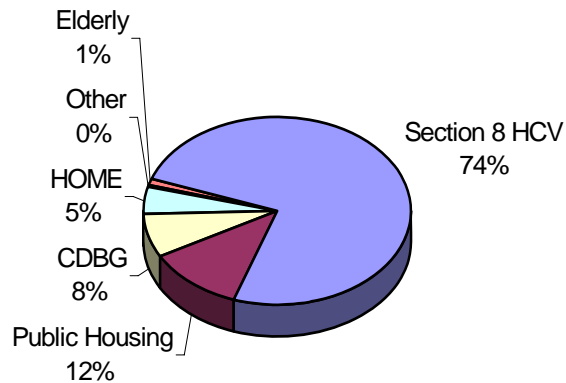
Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

The following table and chart summarizes the major program sources of operating and capital grant revenue for 2005.

Operating and Capital Grant Revenue by Major Program Sources

	2005 (millions of dollars)	<u>%</u>
Section 8 Housing Choice Voucher	\$ 28.6	74.7%
Public Housing (incl. Capital Fund)	4.5	11.7
CDBG (incl. SHP, SPC, ESG)	2.9	7.6
HOME	1.8	4.7
Elderly	0.4	1.0
Other	<u>0.1</u>	<u>0.3</u>
 Total	 \$ <u>38.3</u>	 <u>100.0%</u>

**Operating and Capital Grant Revenue Sources
FY 2005**



Other Revenue

Other income consists of program income, land sales, and interest earned on investments.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Expenses

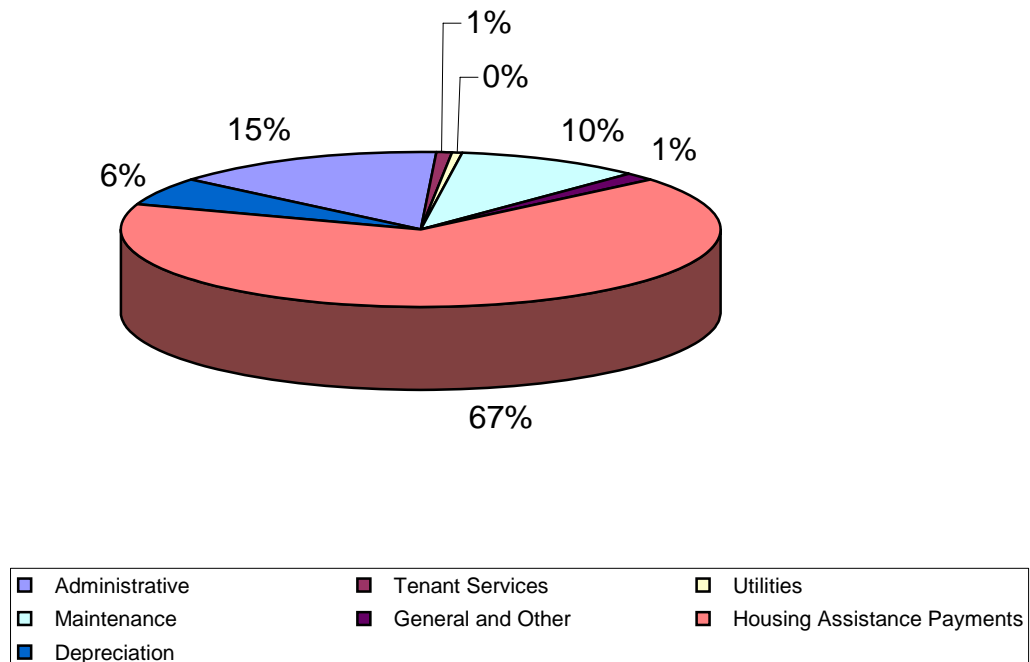
Operating Expenses

Operating expenses totaled \$11.5 million in 2005 (\$11.1 million in 2004), which represents an increase of approximately \$0.4 million, or 4.0% from 2004. Primary increases rose for tenant services \$0.2 million and general expenses \$0.2 million, representing administrative sundry, security costs, payroll and insurance costs. Overall, operating expenses, when expressed as a percentage of revenues, represents approximately 29% of revenues (25% in 2004).

Other Expenses

During 2005, there was a 3% decrease in unit leasing activity for the Section 8 Housing Choice Voucher program. Along with a reduction of the payment standard in 2005, housing assistance payment expenses decreased by approximately \$2.6 million in 2005 (increased \$5.1 million in 2004).

Major Expense Categories FY 2005



Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the Authority had \$34.5 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (net of additions and depreciation) of \$3,093,064, or approximately 8% from the end of last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF ACCUMULATED DEPRECIATION)

	Business-type Activities	
	<u>2005</u>	<u>2004</u>
Land and land rights	\$ 3,676,641	\$ 4,028,321
Buildings	74,728,553	75,565,329
Equipment – Administrative	1,793,162	1,537,135
Equipment - Dwelling	889,160	889,160
Accumulated Depreciation	<u>(46,553,461)</u>	<u>(44,392,826)</u>
Total	<u>\$34,534,055</u>	<u>\$37,627,119</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 44 of the notes to the financial statements.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

TABLE 5
CHANGE IN CAPITAL ASSETS
 Business Type Activities

	<u>2005</u>	<u>2004</u>
Balance at Beginning of Year	\$37,627,119	\$37,113,072
Additions	1,136,829	2,725,871
Dispositions	(1,780,498)	-
Depreciation	<u>(2,449,395)</u>	<u>(2,211,824)</u>
Balance at End of Year	<u>\$34,534,055</u>	<u>\$37,627,119</u>

Major additions are summarized as follows:

	<u>2005</u>	<u>2004</u>
Business – Type Activities:		
Capital Improvements Programs (modernization completed on variety of the Authority's Public Housing buildings)	\$ 707,914	\$2,098,049
Building improvements and plans	145,788	523,993
Land purchase	15,750	19,250
Equipment Purchases	<u>267,377</u>	<u>84,579</u>
Total Additions	<u>\$1,136,829</u>	<u>\$2,725,871</u>

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2005

Debt Outstanding

As of year-end, the Authority had \$1,585,597 in debt (mortgage loan) outstanding compared to \$1,614,398 last year, a \$28,801 decrease (debt retirement):

TABLE 6
OUTSTANDING DEBT, AT YEAR-END
(IN MILLIONS)

	Totals	
	2005	2004
<u>Business Type</u>		
RD Loan- Guma Trankilidat	\$ <u>1.59</u>	\$ <u>1.61</u>

Economic factors

Significant economic factors that affect the Authority are as follows:

- The Authority locally administers certain programs of the U. S. Housing and Urban Development (HUD). The funding source for all major programs is virtually 100% dependent on the U. S. Federal government, through HUD. Funding and funding related issues are therefore subject to Congressional approval on an annual basis. Major changes continue to occur in HUD program rules, regulations, and requirements, particularly as they relate to funding methodology, which will effect the Authority's future operations and administration of these federal programs. Funding for HUD programs has switched to calendar year from fiscal year, effective January 1, 2006.

On September 19, 2005, the Public Housing Operating Fund final rule was published. This rule required that PHAs implement asset management at a project level, to include project-based funding, project-based management, project-based budgeting, and project-based accounting. The implementation dates begin with calendar year 2007 for certain aspects, with full implementation by 2011.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2005

- The local economy is heavily dependent on the tourism industry, the source of which is from Asian markets, primarily Japan. Unlike most public housing authorities in the U. S. mainland, the local economy does not follow the U. S. national economic trends. The tourism industry appears to be in an initial recovery stage. However, adverse economic conditions, compounded by the effects of ever-increasing world-wide price of oil, are and will continue to impact residents, clients, and partners. Local government revenue increased slightly by approximately 4%-7%, but has greatly reduced the amount of welfare assistance provided to those tenants of the Authority, who were or are welfare recipients.
- Local inflationary, recessionary and unemployment trends continue to affect resident incomes and therefore the amount of dwelling rental income the Authority is able to charge and collect. Unemployment is estimated at 8%, and has affected those individuals with low to moderate income paying jobs, many of whom include the tenants in the Authority's housing programs. Reduced incomes by tenants results in lower rental dwelling income received by the Authority, and lower collection rates, has impacted operations.
- Inflationary pressure on utility rates, supplies and other costs. The local government power authority will be increasing fees due to increasing oil prices and problems with collections from the Government of Guam. Utility rates have been on the increase. Utility costs must be factored into utility allowances for tenants, which increase the level of assistance provided in terms of utility allowances, which increases the costs of the housing programs in general.

Financial Contact

Requests regarding any information contained in this report or any additional information or questions concerning the report should be addressed to Mr. Ronald S. De Guzman, Executive Director, Guam Housing and Urban Renewal Authority, 117 Bien Venida Avenue, Sinajana, Guam 96910. Mr. De Guzman can also be contacted by telephone at (671) 475-1378.

Guam Housing and Urban Renewal Authority

**Financial Data Schedule
September 30, 2005**

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
111	Cash - Unrestricted	\$ 28,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,369	\$ -	\$ -	\$ -	\$ -	\$ 6,012,186	\$ -	\$ 701,382	\$ 7,192,138
115	Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,298	\$ -	\$ -	\$ -	\$ -	\$ 483,450	\$ -	\$ 72,536	\$ 631,284
113	Cash - Other Restricted	\$ 188,369	\$ -	\$ -	\$ -	\$ -	\$ 7,661	\$ 26,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 248,002
114	Cash - Tenant Security Deposits	\$ 13,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,947
100	Total Cash	\$ 230,517	\$ -	\$ -	\$ -	\$ -	\$ 7,661	\$ 552,639	\$ -	\$ -	\$ -	\$ -	\$ 6,495,636	\$ -	\$ 798,918	\$ 8,085,371
122	Accounts Receivable - HUD Other Projects	\$ 170,348	\$ 293,705	\$ 796	\$ 72,532	\$ 13,061	\$ 236,059	\$ 82,610	\$ -	\$ -	\$ -	\$ -	\$ 1,214	\$ 25,051	\$ -	\$ 895,376
125	Accounts Receivable - Miscellaneous	\$ 20,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,582	\$ -	\$ -	\$ -	\$ -	\$ 110,052	\$ -	\$ 22,696	\$ 183,587
126	Accounts Receivable - Tenants - Dwelling Rents	\$ 1,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,439
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,812)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,812)
126.2	Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,080
120	Total Receivables, net of allowances for doubtful accounts	\$ 191,875	\$ 293,705	\$ 796	\$ 72,532	\$ 13,061	\$ 236,059	\$ 148,629	\$ -	\$ -	\$ -	\$ -	\$ 111,266	\$ 25,051	\$ 22,696	\$ 1,115,670
131	Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 888,622	\$ -	\$ -	\$ -	\$ -	\$ 59,460	\$ -	\$ 1,188,590	\$ 2,136,672
132	Investments Restricted	\$ 178,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,461	\$ -	\$ -	\$ -	\$ -	\$ 193,429	\$ -	\$ -	\$ 532,596
142	Prepaid Expenses and Other Assets	\$ 7,939	\$ 21,015	\$ 468	\$ -	\$ -	\$ 29,303	\$ 40,625	\$ -	\$ -	\$ 207,511	\$ 4,198	\$ 4,932	\$ 24,452	\$ 25	\$ 340,468
143	Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,961
143.1	Allowance for Obsolete Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
144	Interprogram Due From	\$ 344	\$ 404,753	\$ -	\$ -	\$ -	\$ 58,314	\$ 539,741	\$ -	\$ -	\$ -	\$ 8,316	\$ 124,378	\$ -	\$ 5,860,509	\$ 6,996,355
145	Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,885,784	\$ 4,885,784
150	Total Current Assets	\$ 609,381	\$ 719,473	\$ 1,264	\$ 72,532	\$ 13,061	\$ 331,337	\$ 2,549,678	\$ -	\$ -	\$ 207,511	\$ 12,514	\$ 6,989,101	\$ 49,503	\$ 12,756,522	\$ 24,311,877
161	Land	\$ 1,380,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,130,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,864	\$ 3,676,641
168	Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 651,548	\$ 48,370	\$ 699,918
162	Buildings	\$ 2,198,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,922,952	\$ -	\$ -	\$ 13,409,777	\$ -	\$ -	\$ 10,480,061	\$ 17,488	\$ 74,028,635
163	Furniture, Equipment & Machinery - Dwellings	\$ 84,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,000	\$ -	\$ -	\$ 53,700	\$ -	\$ -	\$ -	\$ -	\$ 889,160
164	Furniture, Equipment & Machinery - Administration	\$ 20,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504,108	\$ -	\$ -	\$ 502,624	\$ -	\$ 457,454	\$ 108,436	\$ 200,173	\$ 1,793,162
166	Accumulated Depreciation	\$ (1,307,883)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (44,883,466)	\$ -	\$ -	\$ -	\$ -	\$ (305,197)	\$ (32,104)	\$ (24,811)	\$ (46,553,461)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$ 2,375,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,425,371	\$ -	\$ -	\$ 13,966,101	\$ -	\$ 152,257	\$ 11,207,941	\$ 407,084	\$ 34,534,055
171	Notes, Loans, & Mortgages Receivable - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,768	\$ 666,768
174	Other Assets	\$ -	\$ 17,069	\$ -	\$ -	\$ -	\$ 11,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,271	\$ -	\$ 38,016
180	Total Non-Current Assets	\$ 2,375,301	\$ 17,069	\$ -	\$ -	\$ -	\$ 11,676	\$ 6,425,371	\$ -	\$ -	\$ 13,966,101	\$ -	\$ 152,257	\$ 11,217,212	\$ 1,073,852	\$ 35,238,839
190	Total Assets	\$ 2,984,682	\$ 736,542	\$ 1,264	\$ 72,532	\$ 13,061	\$ 343,013	\$ 8,975,049	\$ -	\$ -	\$ 14,173,612	\$ 12,514	\$ 7,141,358	\$ 11,266,715	\$ 13,830,374	\$ 59,550,716

Guam Housing and Urban Renewal Authority

**Financial Data Schedule
September 30, 2005**

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
312	Accounts Payable <= 90 Days	\$ 3,104	\$ -	\$ -	\$ -	\$ -	\$ 1,850	\$ 15,034	\$ -	\$ -	\$ -	\$ -	\$ 50,601	\$ -	\$ -	\$ 70,589
322	Accrued Compensated Absences - Current Portion	\$ 7,793	\$ 20,193	\$ -	\$ -	\$ -	\$ 16,223	\$ 81,568	\$ -	\$ -	\$ -	\$ -	\$ 47,548	\$ 9,063	\$ -	\$ 182,388
331	Accounts Payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,318	\$ -	\$ -	\$ -	\$ -	\$ 3,315,998	\$ -	\$ -	\$ 3,678,316
341	Tenant Security Deposits	\$ 12,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,854
342	Deferred Revenues	\$ -	\$ 367,173	\$ 56	\$ 3,518	\$ -	\$ 79,318	\$ 14,546	\$ -	\$ -	\$ -	\$ 8,316	\$ -	\$ 3,171	\$ 712,039	\$ 1,188,137
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$ 30,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,493
345	Other Current Liabilities	\$ 2,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,302	\$ -	\$ -	\$ -	\$ -	\$ 599,982	\$ -	\$ 1,842,271	\$ 2,599,037
346	Accrued Liabilities - Other	\$ 3,458	\$ 43,066	\$ -	\$ -	\$ -	\$ 495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 142,453	\$ 189,497
347	Interprogram Due To	\$ 377,885	\$ 289,042	\$ 1,208	\$ 69,014	\$ 13,061	\$ 233,451	\$ 883,718	\$ -	\$ -	\$ 207,511	\$ 4,198	\$ 1,916,900	\$ 37,244	\$ 2,963,123	\$ 6,996,355
310	Total Current Liabilities	\$ 437,873	\$ 719,474	\$ 1,264	\$ 72,532	\$ 13,061	\$ 331,337	\$ 1,660,682	\$ -	\$ -	\$ 207,511	\$ 12,514	\$ 5,931,029	\$ 49,503	\$ 5,659,886	\$ 15,096,666
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$ 1,555,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,555,104
354	Accrued Compensated Absences - Non Current	\$ 4,277	\$ 11,083	\$ -	\$ -	\$ -	\$ 8,905	\$ 44,772	\$ -	\$ -	\$ -	\$ -	\$ 26,099	\$ 4,975	\$ -	\$ 100,111
353	Noncurrent Liabilities - Other	\$ 3,092	\$ 5,985	\$ -	\$ -	\$ -	\$ 2,771	\$ 38,954	\$ -	\$ -	\$ -	\$ -	\$ 30,977	\$ 4,296	\$ -	\$ 86,075
350	Total Noncurrent Liabilities	\$ 1,562,473	\$ 17,068	\$ -	\$ -	\$ -	\$ 11,676	\$ 83,726	\$ -	\$ -	\$ -	\$ -	\$ 57,076	\$ 9,271	\$ -	\$ 1,741,290
300	Total Liabilities	\$ 2,000,346	\$ 736,542	\$ 1,264	\$ 72,532	\$ 13,061	\$ 343,013	\$ 1,744,408	\$ -	\$ -	\$ 207,511	\$ 12,514	\$ 5,988,105	\$ 58,774	\$ 5,659,886	\$ 16,837,956
508	Total Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.1	Invested in Capital Assets, Net of Related Debt	\$ 789,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,425,371	\$ -	\$ -	\$ 13,966,101	\$ -	\$ 152,257	\$ 11,207,941	\$ 5,292,868	\$ 37,834,242
511	Total Reserved Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
511.1	Restricted Net Assets	\$ 367,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 419,047
512.1	Unrestricted Net Assets	\$ (172,443)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 778,298	\$ -	\$ -	\$ -	\$ -	\$ 1,000,996	\$ -	\$ 2,852,620	\$ 4,459,471
513	Total Equity/Net Assets	\$ 984,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,230,641	\$ -	\$ -	\$ 13,966,101	\$ -	\$ 1,153,253	\$ 11,207,941	\$ 8,170,488	\$ 42,712,760
600	Total Liabilities and Equity/Net Assets	\$ 2,984,682	\$ 736,542	\$ 1,264	\$ 72,532	\$ 13,061	\$ 343,013	\$ 8,975,049	\$ -	\$ -	\$ 14,173,612	\$ 12,514	\$ 7,141,358	\$ 11,266,715	\$ 13,830,374	\$ 59,550,716

Guam Housing and Urban Renewal Authority

**Financial Data Schedule
September 30, 2005**

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
703	Net Tenant Rental Revenue	\$ 57,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,449
704	Tenant Revenue - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,697
705	Total Tenant Revenue	\$ 57,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,146
706	HUD PHA Operating Grants	\$ 376,272	\$ 2,450,790	\$ 135,216	\$ 271,131	\$ 74,542	\$ 1,761,146	\$ 3,600,472	\$ -	\$ -	\$ -	\$ 91,481	\$ 28,637,354	\$ 229,113	\$ -	\$ 37,627,517
706.1	Capital Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 708,662	\$ -	\$ 708,662
711	Investment Income - Unrestricted	\$ 4,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,375	\$ -	\$ -	\$ -	\$ -	\$ 1,306	\$ -	\$ 18,787	\$ 47,333
	Proceeds from Disposition of Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500
713.1	Cost of Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
715	Other Revenue	\$ 1,788	\$ 3,003	\$ -	\$ -	\$ -	\$ 960,667	\$ 270	\$ -	\$ -	\$ -	\$ -	\$ 55,289	\$ 1,094	\$ 74,385	\$ 1,096,496
720	Investment Income - Restricted	\$ 939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,527	\$ -	\$ -	\$ -	\$ -	\$ 4,251	\$ -	\$ -	\$ 8,717
700	Total Revenue	\$ 440,969	\$ 2,453,793	\$ 135,216	\$ 271,131	\$ 74,542	\$ 2,721,813	\$ 3,812,685	\$ -	\$ -	\$ -	\$ 91,481	\$ 28,698,200	\$ 938,869	\$ 100,672	\$ 39,739,371

Guam Housing and Urban Renewal Authority

**Financial Data Schedule
September 30, 2005**

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
911	Administrative Salaries	\$ 95,701	\$ 338,010	\$ 4,797	\$ 2,305	\$ -	\$ 322,545	\$ 846,793	\$ -	\$ -	\$ -	\$ -	\$ 928,630	\$ 75,551	\$ 167,815	\$ 2,782,147
912	Auditing Fees	\$ 2,214	\$ 4,879	\$ -	\$ -	\$ -	\$ 1,910	\$ 19,319	\$ -	\$ -	\$ -	\$ -	\$ 11,274	\$ -	\$ -	\$ 39,596
914	Compensated Absences	\$ 434	\$ 8,633	\$ -	\$ -	\$ -	\$ -	\$ 8,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,811
915	Employee Benefit Contributions - Administrative	\$ 24,865	\$ 95,038	\$ 1,500	\$ 733	\$ -	\$ 86,851	\$ 224,896	\$ -	\$ -	\$ -	\$ -	\$ 257,145	\$ 18,587	\$ 21,425	\$ 731,040
916	Other Operating - Administrative	\$ 54,659	\$ 586,240	\$ 128,896	\$ 268,093	\$ 74,542	\$ 264,517	\$ 430,251	\$ -	\$ -	\$ -	\$ -	\$ 207,294	\$ 134,748	\$ 344,830	\$ 2,494,070
921	Tenant Services - Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 977	\$ 334,486
923	Employee Benefit Contributions - Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327	\$ 89,120
931	Water	\$ 40,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,504	\$ -	\$ -	\$ -	\$ -	\$ 1,385	\$ -	\$ -	\$ 74,209
932	Electricity	\$ 49,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,002
941	Ordinary Maintenance and Operations - Labor	\$ 23,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,039
942	Ordinary Maintenance and Operations - Materials and Other	\$ 1,525	\$ 1,416,752	\$ -	\$ -	\$ -	\$ 2,042,756	\$ 105,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,566,673
943	Ordinary Maintenance and Operations - Contract Costs	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,635	\$ -	\$ -	\$ -	\$ -	\$ 175	\$ -	\$ -	\$ 1,844
945	Employee Benefit Contributions - Ordinary Maintenance	\$ 5,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,750
952	Protective Services - Other Contract Costs	\$ 13,647	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 15,596	\$ -	\$ -	\$ -	\$ 91,481	\$ 254	\$ -	\$ -	\$ 121,031
961	Insurance Premiums	\$ 15,176	\$ 4,188	\$ 23	\$ -	\$ -	\$ 3,234	\$ 226,825	\$ -	\$ -	\$ -	\$ -	\$ 26,080	\$ 1,321	\$ -	\$ 276,847
964	Bad Debt - Tenant Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,043
966	Bad Debt - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,417	\$ 51,417
967	Interest Expense	\$ 96,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,086
969	Total Operating Expenses	\$ 422,851	\$ 2,453,793	\$ 135,216	\$ 271,131	\$ 74,542	\$ 2,721,813	\$ 3,082,149	\$ -	\$ -	\$ -	\$ 91,481	\$ 1,432,237	\$ 230,207	\$ 586,791	\$ 11,502,211
970	Excess Operating Revenue over Operating Expenses	\$ 18,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,536	\$ -	\$ -	\$ -	\$ -	\$ 27,265,963	\$ 708,662	\$ (486,119)	\$ 28,237,160
973	Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,685,484	\$ -	\$ -	\$ 27,685,484
974	Depreciation Expense	\$ 60,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,310,122	\$ -	\$ -	\$ -	\$ -	\$ 46,700	\$ 18,368	\$ 13,564	\$ 2,449,395
900	Total Expenses	\$ 483,492	\$ 2,453,793	\$ 135,216	\$ 271,131	\$ 74,542	\$ 2,721,813	\$ 5,392,271	\$ -	\$ -	\$ -	\$ 91,481	\$ 29,164,421	\$ 248,575	\$ 600,355	\$ 41,637,090
1010	Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (42,523)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,579,586)	\$ -	\$ -	\$ -	\$ -	\$ (466,221)	\$ 690,294	\$ (499,683)	\$ (1,897,719)

Guam Housing and Urban Renewal Authority

**Financial Data Schedule
September 30, 2005**

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Certificate Program	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	State/Local	Total
1102	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning Equity	\$ 1,026,859	\$ 220,758	\$ -	\$ -	\$ -	\$ 1,559,740	\$ 8,810,227	\$ -	\$ 1,247,255	\$ 13,966,101	\$ -	\$ 963,355	\$ 10,517,647	\$ 8,670,172	\$ 46,982,114
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ -	\$ (220,758)	\$ -	\$ -	\$ -	\$ (1,559,740)	\$ -	\$ -	\$ (1,247,255)	\$ -	\$ -	\$ 656,119	\$ -	\$ (1)	\$ (2,371,635)
1113	Maximum Annual Contributions Commitment (Per ACC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,374,741	\$ -	\$ -	\$ 31,374,741
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1115	Contingency Reserve, ACC Program Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,359,784	\$ -	\$ -	\$ 3,359,784
1116	Total Annual Contributions Available	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,734,525	\$ -	\$ -	\$ 34,734,525
1120	Unit Months Available	\$ 588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 30,180	\$ -	\$ -	\$ 39,768
1121	Number of Unit Months Leased	\$ 572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,066	\$ -	\$ -	\$ -	\$ -	\$ 28,566	\$ -	\$ -	\$ 36,204

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Combined Statement of Net Assets with Combining Information
September 30, 2005

Assets	Total	Eliminations	Major Enterprise Funds				
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	Non-Major Enterprise Funds
Current assets:							
Cash: (Note 1)							
Unrestricted	\$ 7,192,138	\$ -	\$ -	\$ 450,369	\$ 6,012,186	\$ 28,201	\$ 701,382
Restricted - other (Note 6)	690,917	-	7,661	102,270	483,450	-	97,536
Security Deposit	13,947	-	-	-	-	13,947	-
Restricted or held by fiscal agent (Note 6)	188,369	-	-	-	-	188,369	-
Total cash	8,085,371	-	7,661	552,639	6,495,636	230,517	798,918
Accounts receivable:							
Tenants (Note 1)	64,519	-	-	63,249	-	1,270	-
HUD	895,376	-	616,153	107,661	1,214	170,348	-
Due from other funds (Notes 1 and 7)	-	(6,996,355)	463,067	548,057	124,378	344	5,860,509
Other	183,587	-	-	30,582	110,052	20,257	22,696
	1,143,482	(6,996,355)	1,079,220	749,549	235,644	192,219	5,883,205
Allowance for doubtful accounts	(27,812)	-	-	(27,812)	-	-	-
Total accounts receivable, net	1,115,670	(6,996,355)	1,079,220	721,737	235,644	192,219	5,883,205
Investments (Notes 1 and 6):							
Unrestricted	2,136,672	-	-	888,622	59,460	-	1,188,590
Restricted/reserved by fiscal agent	532,596	-	-	160,461	193,429	178,706	-
Total investments	2,669,268	-	-	1,049,083	252,889	178,706	1,188,590
Prepaid and other assets	369,213	-	79,531	276,786	4,932	7,939	25
Other real estate (Note 9)	4,885,784	-	-	-	-	-	4,885,784
Inventories (Note 1)	218,961	-	-	218,961	-	-	-
Total current assets	17,344,267	(6,996,355)	1,166,412	2,819,206	6,989,101	609,381	12,756,522
Noncurrent assets:							
Capital assets, net (Notes 1 and 8)	34,534,055	-	-	31,599,413	152,257	2,375,301	407,084
Other assets (Note 1)	676,039	-	-	9,271	-	-	666,768
Total noncurrent assets	35,210,094	-	-	31,608,684	152,257	2,375,301	1,073,852
Total assets	\$ 52,554,361	\$ (6,996,355)	\$ 1,166,412	\$ 34,427,890	\$ 7,141,358	\$ 2,984,682	\$ 13,830,374

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Combined Statement of Net Assets with Combining Information, Continued
September 30, 2005

Liabilities	Total	Eliminations	Major Enterprise Funds				
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	Non-Major Enterprise Funds
Current liabilities:							
Accounts payable:							
Vendors/contractors	\$ 126,507	\$ -	\$ -	\$ 15,034	\$ -	\$ -	\$ 111,473
HUD	3,678,316	-	-	362,318	3,315,998	-	-
Due to other funds (Notes 1 and 7)	-	(6,996,355)	605,776	1,132,671	1,916,900	377,885	2,963,123
Deposits	161,854	-	-	149,196	-	12,658	-
Other	2,633,146	-	-	154,327	599,982	5,586	1,873,251
Total accounts payable	6,599,823	(6,996,355)	605,776	1,813,546	5,832,880	396,129	4,947,847
Current portion of note payable (Notes 2 and 3)	30,493	-	-	-	-	30,493	-
Accrued liabilities:							
Current portion of compensated absences (Notes 1 and 3)	182,388	-	36,416	90,631	47,548	7,793	-
Other	54,059	-	-	-	50,601	3,458	-
Total accrued liabilities	236,447	-	36,416	90,631	98,149	11,251	-
Other current liabilities	495,476	-	495,476	-	-	-	-
Deferred revenues	738,072	-	-	26,033	-	-	712,039
Total current liabilities	8,100,311	(6,996,355)	1,137,668	1,930,210	5,931,029	437,873	5,659,886
Noncurrent liabilities:							
Non-current portion of note payable -HUD (Notes 2 and 3)	1,555,104	-	-	-	-	1,555,104	-
Non-current portion of accrued compensated absences (Notes 1 and 3)	186,186	-	28,744	92,997	57,076	7,369	-
Total noncurrent liabilities	1,741,290	-	28,744	92,997	57,076	1,562,473	-
Total liabilities	\$ 9,841,601	\$ (6,996,355)	\$ 1,166,412	\$ 2,023,207	\$ 5,988,105	\$ 2,000,346	\$ 5,659,886

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Combined Statement of Net Assets with Combining Information, Continued
September 30, 2005

			Major Enterprise Funds				
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	Non-Major Enterprise Funds
Net Assets	Total	Eliminations					
Net assets:							
Invested capital assets, net of related debt	\$ 37,834,242	\$ -	\$ -	\$ 31,599,413	\$ 152,257	\$ 789,704	\$ 5,292,868
Restricted	419,047	-	-	26,972	-	367,075	25,000
Unrestricted	4,459,471	-	-	778,298	1,000,996	(172,443)	2,852,620
Total net assets	42,712,760	-	-	32,404,683	1,153,253	984,336	8,170,488
Total liabilities and net assets	\$ 52,554,361	\$ (6,996,355)	\$ 1,166,412	\$ 34,427,890	\$ 7,141,358	\$ 2,984,682	\$ 13,830,374

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Combined Statement of Revenues, Expenses and Changes in Net Assets with Combining Information
For the Year Ended September 30, 2005

	Total	Eliminations	Major Enterprise Funds				Non-Major Enterprise Funds
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	
Operating revenues (Notes 1 and 3):							
Tenant rental income	\$ 155,449	\$ -	\$ -	\$ 98,344	\$ -	\$ 57,105	\$ -
HUD PHA Operating Grants	37,627,518	-	4,692,826	3,921,066	28,637,354	376,272	-
Property sales	7,500	-	-	-	-	-	7,500
Other income	1,182,404	-	963,669	89,061	55,289	-	74,385
Total operating revenues	<u>38,972,871</u>	<u>-</u>	<u>5,656,495</u>	<u>4,108,471</u>	<u>28,692,643</u>	<u>433,377</u>	<u>81,885</u>
Operating expenditures:							
Housing assistance payments (Note 4)	27,685,484	-	-	-	27,685,484	-	-
Administrative expense	3,240,373	-	676,502	1,158,638	1,135,924	96,135	173,174
Employee benefits	726,964	-	184,100	243,483	257,145	24,865	17,371
Tenant service	422,302	-	-	422,302	-	-	-
Utilities	240,826	-	-	151,094	-	89,732	-
Repairs and maintenance	4,367,473	-	3,582,608	740,881	-	43,984	-
Other	2,408,187	-	1,213,285	687,439	39,168	72,049	396,246
Depreciation (Note 8)	2,449,395	-	-	2,328,490	46,700	60,641	13,564
Total operating expenditures	<u>41,541,004</u>	<u>-</u>	<u>5,656,495</u>	<u>5,732,327</u>	<u>29,164,421</u>	<u>387,406</u>	<u>600,355</u>
Operating income (loss)	<u>(2,568,133)</u>	<u>-</u>	<u>-</u>	<u>(1,623,856)</u>	<u>(471,778)</u>	<u>45,971</u>	<u>(518,470)</u>
Non-operating revenues (expenditures):							
Interest income on unrestricted investments	54,400	-	-	25,902	2,119	7,592	18,787
Interest income on restricted investments	3,438	-	-	-	3,438	-	-
Interest expense (Note 2)	(96,086)	-	-	-	-	(96,086)	-
Capital Grants	708,662	-	-	708,662	-	-	-
Total non-operating revenues (expenditures)	<u>670,414</u>	<u>-</u>	<u>-</u>	<u>734,564</u>	<u>5,557</u>	<u>(88,494)</u>	<u>18,787</u>
Income (loss) before adjustments and transfers	<u>(1,897,719)</u>	<u>-</u>	<u>-</u>	<u>(889,292)</u>	<u>(466,221)</u>	<u>(42,523)</u>	<u>(499,683)</u>
Adjustments and transfers (Note 14)	<u>(1,780,499)</u>	<u>-</u>	<u>(1,780,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Change in net assets	<u>(3,678,218)</u>	<u>-</u>	<u>(1,780,498)</u>	<u>(889,292)</u>	<u>(466,221)</u>	<u>(42,523)</u>	<u>(499,684)</u>
Total net assets at beginning of year	46,982,114	-	1,780,498	33,293,975	2,210,610	1,026,859	8,670,172
Prior period adjustments (Note 15)	<u>(591,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(591,136)</u>	<u>-</u>	<u>-</u>
Total net assets at end of year	<u>\$ 42,712,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,404,683</u>	<u>\$ 1,153,253</u>	<u>\$ 984,336</u>	<u>\$ 8,170,488</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Combined Statement of Cash Flows with Combining Information
For the Year Ended September 30, 2005

	Major Enterprise Funds					
	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	Non-Major Enterprise Funds
Cash flows from operating activities:						
Receipts from customers	\$ 38,603,214	\$ 5,593,215	\$ 4,108,471	\$ 28,642,861	\$ 56,691	\$ 201,976
Payments to suppliers	(38,385,576)	(5,625,712)	(4,528,322)	(27,685,484)	(230,630)	(315,428)
Payments to employees	(3,174,344)	(867,805)	(1,067,157)	(919,116)	(96,135)	(224,131)
Other cash receipts (payments)	4,646,906	-	724,995	3,442,188	346,227	133,496
	-					
Net cash provided by (used in) operating activities	1,690,200	(900,302)	(762,013)	3,480,449	76,153	(204,087)
Cash flows from capital and related financing activities:						
Transfers to fund balance	656,120	-	-	656,119	-	1
Net cash flows used for capital and related financing activities	656,120	-	-	656,119	-	1
Cash flows from investing activities:						
Acquisition of fixed assets	(1,164,425)	-	(783,568)	(53,691)	(149,538)	(177,628)
Repayment of notes payable	(28,801)	-	-	-	(28,801)	-
Decrease (increase) in investments	2,698,812	-	1,691,800	818,410	80,341	108,261
Increase in restricted assets	(5,563)	-	-	(6,502)	939	-
Net cash used in investing activities	1,500,023	-	908,232	758,217	(97,059)	(69,367)
Net increase (decrease) in cash and cash equivalents	3,846,343	(900,302)	146,219	4,894,785	(20,906)	(273,453)
Cash and cash equivalents at beginning year	4,239,028	907,963	406,420	1,600,851	251,423	1,072,371
Cash and cash equivalents at end of year	\$ 8,085,371	\$ 7,661	\$ 552,639	\$ 6,495,636	\$ 230,517	\$ 798,918
Cash, including time deposits	\$ 7,206,085	\$ -	\$ 450,369	\$ 6,012,186	\$ 42,148	\$ 701,382
Restricted cash, including time deposits	879,286	7,661	102,270	483,450	188,369	97,536
Total cash and cash equivalents at end of year	\$ 8,085,371	\$ 7,661	\$ 552,639	\$ 6,495,636	\$ 230,517	\$ 798,918

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Combined Statement of Cash Flows with Combining Information, Continued
For the Year Ended September 30, 2005

	Total	Major Enterprise Funds				Non-Major Enterprise Funds
		Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Guam Elderly Housing Project	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Net income (loss)	\$ (1,897,719)	\$ -	\$ (889,292)	\$ (466,221)	\$ (42,523)	\$ (499,683)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,449,395	-	2,328,490	46,700	60,641	13,564
Bad debts	11,043	-	11,043	-	-	-
(Increase) decrease in assets:						
Tenant receivables	(13,267)	-	(12,853)	-	(414)	-
Accounts receivable - HUD	582,650	166,354	201,061	215,235	-	-
Accounts receivable - Due from other funds	46,307,998	6,288,658	11,866,768	6,467,930	785,075	20,899,567
Promissory notes	(615,053)	-	-	-	-	(615,053)
Accrued interest	-	-	-	-	-	-
Accounts receivable - Other	-	-	-	-	-	-
Security deposits	(69)	-	-	-	(69)	-
Prepaid and other assets	(2,206)	-	-	4,932	(7,138)	-
Other assets	859,603	10,890	(7,427)	(28,267)	(1)	884,408
Inventories	(72,744)	-	(72,744)	-	-	-
Increase (decrease) in liabilities:						
Accounts payable - trade	(371,805)	-	(320,394)	-	-	(51,411)
Accounts payable - HUD	3,315,998	-	-	3,315,998	-	-
Accounts payable - Due to other funds	(47,577,357)	(6,089,604)	(13,601,904)	(6,079,229)	(680,602)	(21,126,018)
Other payables	(82,470)	-	(38,534)	(43,953)	17	-
Security deposits	(9,072)	-	(9,349)	-	277	-
Accrued liabilities	(684,233)	(519,586)	(172,861)	47,324	(39,110)	-
Other liabilities	(526,299)	(757,014)	-	-	-	230,715
Deferred credits	15,807	-	(44,017)	-	-	59,824
Net cash provided by (used in) operating activities	\$ <u>1,690,200</u>	\$ <u>(900,302)</u>	\$ <u>(762,013)</u>	\$ <u>3,480,449</u>	\$ <u>76,153</u>	\$ <u>(204,087)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies

The Guam Housing and Urban Renewal Authority (GHURA) is a component unit of the Government of Guam was created on December 18, 1962 by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA, formed to pursue an active community development program through urban renewal projects and to provide housing of low income, administers the following community programs. The administration and operation of GHURA is under the control of a seven-member Board of Commissioners appointed by the Governor of Guam with the advice and consent of the Legislature with one of the seven members being a resident of the Public Housing program, elected by the residents and appointed by the Governor. The Authority has no component units to be reported in accordance GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

The Authority's primary operations are comprised of a number of housing and grant programs as follows:

Major Enterprise Funds

Community Development Block Grants (CDBG)

Grants totaling \$62,327,952 were awarded in program years 1976 through 2005 for the purpose of completing the Sinajana Urban Renewal Project, developing the community of Asan through upgrading of infrastructure, constructing a community center, performing site improvement at the GHURA 500 low cost housing sites in Dededo community and constructing various neighborhood facilities. GHURA entered into subrecipient agreements with various nonprofit organizations and Government of Guam autonomous agencies to subgrant CDBG funds totaling \$433,888; Emergency Shelter Grant funds totaling \$138,059; Supportive Housing funds totaling \$299,728; and Shelter Plus Care funds \$85,941 for fiscal year ended September 30, 2005.

For financial statement reporting purposes, the CDBG program (CFDA No. 14.225) includes the grant revenue and expense for the HOME Investment Partnership (CFDA No. 14.239), the Emergency Shelter Grant (CFDA No. 14.231), Supportive Housing (CFDA No. 14.235), and Shelter Plus Care (CFDA No. 14.238) programs. The HOME program funds are used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition, new construction, reconstruction, or rehabilitation of nonluxury housing with suitable amenities, among others. The Emergency Shelter grant and Shelter Plus Care grant provide essential social services to homeless individuals and other types of assistance. The Supportive Housing program funds are used to carry out the Guma Hinemlo' Program, a permanent supportive housing program for homeless adults with mental illness.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Major Enterprise Funds, continued

Low Income Housing Program

GHURA entered into an Annual Contributions Contract, Number SF-272, with the United States Department of Housing and Urban Development (HUD) which allowed GHURA to develop and operate a Low-Income Housing Program (CFDA No. 14.850a). Since that time, nine projects were developed: Guam 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, and 1-9. These completed projects provided a total of 750 units, of which, 589 units or 78% were leased as of September 30, 2005.

For financial statement reporting purposes, the Low Income Housing Program includes the Capital Fund (CFDA No. 14.872), Public and Indian Housing Drug Elimination Program (CFDA No. 14.854), Public Housing Comprehensive Grant Program (CFDA No. 14.859), the Economic Development and Supportive Services Program (CFDA No. 14.863), and the Resident Opportunities and Self Sufficiency Program (CFDA No. 14.870).

The Capital Fund Program Grant accounts for modernization funds received from HUD for capital improvements, major repairs, management improvements, operational costs and related planning costs to improve the physical quality of low-income housing. Upon completion of major capital improvement, the assets are transferred to the Low Income Housing Program.

Housing Choice Voucher Program (HCVP)

The Housing Choice Voucher Program is funded by HUD. The principal purpose of the program is to enable lower income families to reside in existing privately owned housing. Assistance is calculated according to family needs and paid directly to the dwelling owner. GHURA was authorized by HUD to approve housing assistance payment contracts for 2,515 dwelling units of which 2,315 were leased or 92% as of September 30, 2005.

Guam Elderly Housing Project

The Guam Elderly Housing Project (CFDA No. 14.157) is designed to provide housing accommodations for elderly residents of Guam. The land on which this project was built was donated by the Government of Guam at an appraised value of \$1,380,000. The project officially commenced operations in March 1980. Rentals are subsidized through the Department of Housing and Urban Development's Section 8 program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Non-Major Enterprise Funds

The following funds were determined to be non-major enterprise funds for the year ended September 30, 2005:

Local Funds

GHURA is also charged with administrative oversight responsibility for a variety of community projects as established and funded by the Government of Guam through contributions and local grants-in-aid.

Other Funds

Other funds consist primarily of local projects that have been completed and have undergone a final close out audit. Such projects include disaster rehabilitation for Typhoon Pamela, Yona and Sinajana Urban Renewals, and neighborhood facilities constructed in Agat and Sinajana.

Revolving and Trust Funds

These funds function primarily to facilitate cash management for all funds.

Measurement Focus, Basis of Accounting, and Basis of Presentation

During 2002, GHURA implemented GASB Statement No. 33, *“Accounting and financial Reporting for Nonexchange Transactions”*, GASB Statement No. 34, *“Basic Financial Statements - and Management’s Discussion and Analysis – for State and Local Government”*, GASB Statement No. 36, *“Recipient Reporting for Certain Shared Nonexchange Revenues”*, GASB Statement No. 37, *“Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus”*, GASB Statement No. 38, *“Certain Financial Statement Note Disclosures”*, and GASB Interpretation No. 6 *“Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”*

GASB Statement Nos. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or modified accrual basis of accounting is required. For revenue recognition to occur on the modified accrual basis, however, the criteria established for accrual basis revenue recognition must be met and the revenue must be available.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

GASB Statement No. 34 creates new basic financial statements for reporting on the Authority's financial activities. The financial statements now include government wide financial statements prepared on an accrual basis of accounting and fund accounting financial statements which present information for individual major funds rather than by fund type. Requirements in order to comply also include adopting depreciation on capital assets and classifying assets and liabilities as current and noncurrent.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures. GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The accounts of GHURA are organized and operated on the basis of funds and grant programs. A fund is an independent fiscal year and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GHURA has elected to use proprietary fund types as its principle reporting. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. GHURA's proprietary funds are enterprise funds used to account for those operations that are financed and operated in a manner similar to private business or where GHURA has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The basic financial statements of the Guam Housing and Urban Renewal Authority have been prepared in conformity with accepted accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Government Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

New Accounting Standards

During fiscal year 2005, the Authority implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3), which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate, GASB Statement No. 40 requires certain disclosures of investment that have fair values that are highly sensitive to changes in interest rates. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statement relating to investments.

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The provisions for this Statement are effective for reporting periods beginning after December 15, 2004. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement establishes uniform financial reporting for other postemployment benefit plans by State and Local governments. The provisions of GASB Statement No. 43 are effective for reporting periods beginning after December 15, 2007. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

In May 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment to NCGA Statement 1. GASB Statement No. 44 improves the understandability and usefulness of statistical section information and further adds information from the new financial reporting model for State and Local governments required by GASB Statement No. 34. The provisions of this Statement are effective for reporting periods beginning after June 15, 2005. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of State and Local governmental employers. The provisions of this Statement are effective for reporting periods beginning after December 15, 2008. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes guidance for State and Local governmental employer on accounting and financial reporting for termination benefits. These benefits include incentives for voluntary terminations (e.g., early retirement window programs) and severance payments with respect to involuntary terminations. The provisions of this Statement are effective for reporting periods beginning after June 15, 2005. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

Accounting Standards Not Yet Adopted

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation* – an amendment of GASB Statement No. 34, which will be effective for the Authority beginning with its fiscal year ending September 30, 2007. The provisions of this Statement clarifies that a legally enforceable enabling legislation is on that a party external to a government, such as citizens, public interest groups or the judiciary, can compel a government to honor. The Authority's management has not yet determined the effect this Statement will have on the Authority's financial statements.

Budgets

Budgets are adopted for applicable enterprise funds on a basis consistent with generally accepted accounting principles. GHURA is not legally required to adopt budgets for such funds. However, GHURA has contractual requirements to adopt budgets for applicable HUD programs.

GHURA's governing body, the Board of Commissioners, adopts budgets on a program or fund level basis. These budgets are submitted by GHURA's Executive Director, and approved by resolutions of the Board of Commissioners. GHURA is segmented into divisions and/or cost centers. These organizational units, individually and collectively, are expressed financially by program or fund source budgets are developed annually for 12 month term, which begins October 1 and ends September 30 of each year.

Annual budgets are adopted for all enterprise funds. Throughout the fiscal year, the Authority monitors and evaluates expenditures rates and patterns. However, timely notice is not given to executive management regarding forthcoming changes in objectives or other conditions that may cause significant variations from approved budget defined plans.

GHURA's Board of Commissioners may authorize amendments to the budget based on the availability of financial resources. Formal budget revisions are authorized in the same manner as original budget submissions. When necessary, all HUD grant program revisions are submitted to HUD for required approval. During 2005, several budget revisions were necessary and the final Authority-wide budgets to actual amounts were not provided for financial statement presentation.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, GHURA considers cash to be cash on hand, cash in checking and savings account and time certificates of deposit with original maturities of less than three months.

GHURA's investments consist solely of restricted and unrestricted bank certificates of deposit with original maturities of more than three months. Time certificates of deposit with initial maturities of less than three months are included in cash and cash equivalents. Investments are stated at amortized costs including accrued interest.

All of GHURA's certificates of deposit and bank accounts are held with FDIC insured banks. GHURA maintains collateralization on all bank accounts and certificates of deposit. Of GHURA's cash and investment accounts, approximately \$10,754,640 is subject to coverage by the Federal Deposit Insurance Corporation (FDIC).

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds and programs for goods and services rendered. The balances of these receivables/payables at September 30, 2005 are classified as due from other funds or due to other funds and are eliminated on the balance sheet for financial statement presentation.

Inventories

Inventories are stated at the lower of weighted average cost or market (net realizable value).

Prepayments

Payments made to vendors for services that will benefit periods beyond September 30, 2005 are recorded as prepaid items.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Restricted Assets

Certain assets are classified as restricted because of the specific nature and purpose of their existence.

Capital Assets and Depreciation

All capital assets with a value greater than \$500 and a useful life over one year are capitalized. Capital assets are stated at cost or at estimated historical cost if actual historical cost is not available except for certain parcels of land donated by the Government of Guam, which are recorded at the estimated fair market value at date of donation.

The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment items for the Guam Elderly Housing Project are stated at cost, while property that was donated is carried at appraised value. Property and equipment items for this project are depreciated utilizing straight-line method over their estimated useful lives (see note 7). Assets are depreciated using the following depreciation guidelines:

<u>Category</u>	<u>Useful Life</u>
Buildings	40
Equipment	5
Furniture and fixtures	7
Vehicles	5

Upon retirement or other disposition of capital assets recorded, the cost and related accumulated depreciation are removed from the respective program's or fund's accounts and any gain or loss is included in the respective program's or fund's current operations. GHURA also has other assets, which consist primarily of property inventory under the Local Funds programs. Additionally, other assets include deferred charges, developmental costs, management improvements, and dwelling and non-dwelling costs from other various projects.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Other Assets

Other assets consist primarily of loans granted to eligible applicants for the down payment and closing cost assistance toward the construction or purchase of a primary owner occupied dwelling. The loans are interest free and the maximum loan amount is \$18,000 or 18% of the purchase price. At September 30, 2005, the Authority had such loans outstanding totaling \$599,041.

Compensated Absences

Earned employee vacation due is accrued at year end for financial statement reporting purposes. Included in the accounts payable and accrued liabilities at September 30, 2005 are amounts related to compensated absences earned but unused. The amounts are included as a component of operating expense in the Statement of Revenues, Expenses and Changes in Net Assets. As of September 30, 2005, accrued annual leave totaled \$282,500.

Pursuant to Public Law 26-86, employees under the Defined Contribution Retirement System (DCRS) plan, upon their retirement, will be paid by its employer a lump sum payment of their unused sick leave up to fifty percent. At September 30, 2005, the total amount of unused sick leave for members under the DCRS plan was \$172,147 of which 50%, or \$86,074, was accrued in the accompanying financial statements.

Administrative and Sundry Expenses

Certain operating facilities and materials used by the programs are shared with other programs. Costs associated with these facilities and materials are accumulated and paid by a central disbursement fund which allocates such costs to the various programs based on each program's pro rata share of payroll hours.

Receivable-Tenants

GHURA recognizes bad debts using the allowance method and are only written off after approval by management and subsequent reporting to the Board of Commissioners.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of notes payable; and estimated amounts for accrued compensated absences for annual and sick leave earned by employees.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Net Assets

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consist of three categories: net assets invested in capital assets, net of related debt; restricted and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, restricted and unrestricted, net of related accumulated depreciation, reduced by outstanding debt. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. The Authority's restricted are expendable. All other net assets are unrestricted.

HUD Subsidies and Contributions

Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues and contributed capital to the Authority. The terms of these subsidies are defined in various Consolidated Annual Contributions Contracts. HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are recorded as operating grant revenues in the accompanying Statement of Revenues, Expenses and Changes in Net Assets. HUD contributions for project acquisition and development or modernization are recorded under nonoperating revenues as capital grants in the accompanying Statement of Revenues, Expenses and Changes in Net Assets.

Tenant Rental Income

Revenue from rental charges to residents is recognized ratably over the terms of the lease agreements, which are generally on a month-to-month basis or 12 month period.

Deferred Revenues

The Authority reports deferred revenues on its Statement of Net Assets. Deferred revenues arise when resources arrive before the Authority has legal claim for them, such as when federal award money is received before the qualifying expenditure is made. In the subsequent period, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets, and the revenue is recognized.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Deposits and Investments

GASB 40 Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB No. 40 also requires disclosure of formal policies related to deposit and investment risks.

Deposits:

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- | | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category 1 | Deposits that are federally insured or collateralized with securities held by the Authority or its agent in the Authority's name; |
| Category 2 | Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name; or |
| Category 3 | Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in Authority's name and noncollateralized deposits. |

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Authority has an investment and deposit policy for custodial credit risk. For deposits, a general depository agreement pursuant to HUD regulations, must be executed by the Authority and the depository. The depository bank must be a bank or financial institution whose deposits are insured by FDIC, Federal Savings and Loan Insurance Corporation or the National Credit Union Administration and all deposits must be fully collateralized by U.S. securities.

For credit risk in the case of deposits, there is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of September 30, 2005, the carrying amount of the Authority's total cash and cash equivalents was \$10,706,715 with a corresponding bank balance was \$10,826,921 is insured by the Federal Deposit Insurance Corporation or fully collateralized by securities held by a trustee in the name of the financial institution. As of September 30, 2005, bank deposits in the amount of \$100,000 were FDIC insured. Accordingly, these deposits are exposed to custodial credit risk.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(1) Summary of Significant Accounting Policies, continued

Deposits and Investments, continued

Investments:

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- | | |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category 1 | Investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name; |
| Category 2 | Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name; or |
| Category 3 | Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in Authority's name. |

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial risk in GASB Statement No. 3.

As of September 30, 2005, the Authority did not have any investments subject to GASB Statement No. 40.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(2) Notes Payable – Non-HUD

GHURA borrowed funds from an entity other than HUD to finance the construction of the Guam Elderly Housing Project, as follows:

Due to USDA Rural Development, interest at 6%, principal and interest thereon payable at \$10,540 per month, maturing in April 2030, (GEHP). (See Note 5)	\$ 1,585,597
Less current portion	<u>30,493</u>
Long-term portion of note payable	\$ <u>1,555,104</u>

Maturities of long-term debt are as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2006	\$ 30,493	\$ 95,987	\$ 126,480
2007	32,374	94,106	126,480
2008	34,371	92,109	126,480
2009	36,490	89,990	126,480
2010	41,131	87,739	128,870
2011 through 2015	230,248	399,765	630,013
2016 through 2020	307,686	318,610	626,296
2021 through 2025	429,356	209,145	638,501
2026 through 2030	<u>443,448</u>	<u>63,528</u>	<u>506,976</u>
	<u>\$ 1,585,597</u>	<u>\$ 1,450,979</u>	<u>\$ 3,036,576</u>

(3) Noncurrent Liabilities

Noncurrent liability activity at September 30, 2005 was as follows:

	Outstanding Balance <u>09/30/04</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding Balance <u>09/30/05</u>	<u>Current</u>	<u>Noncurrent</u>
Note payable	\$ 1,614,398	\$ -	(\$ 28,801)	\$ 1,585,597	\$ 30,493	\$ 1,555,104
Accrued annual leave and 50% accrued sick leave of employees under DC						
Retirement Plan	<u>282,458</u>	<u>103,927</u>	<u>(17,811)</u>	<u>368,574</u>	<u>182,388</u>	<u>186,186</u>
	<u>\$ 1,896,856</u>	<u>\$ 103,927</u>	<u>(\$ 46,612)</u>	<u>\$ 1,954,171</u>	<u>\$ 212,881</u>	<u>\$ 1,741,290</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(4) HUD Contributions Earned - HAP

HUD contributions earned by GHURA consist of housing assistance payments and preliminary expenses incurred during each period, plus an administrative fee. Preliminary expenses are those administrative and sundry items relating to the Section 8 HAP program incurred prior to the execution of the program agreement with HUD and until all units authorized by the agreement have been filled. The administrative fee is a sum calculated as 7.5% of the HUD established level of maximum fair market rent for a two-bedroom dwelling unit in the amount of \$999. For the period October 1, 2004 to December 31, 2005, the administrative fee for the Voucher was a fixed amount at \$53.15 for all units leased. Thereafter, for January 1, 2005 to September 30, 2005, the administrative fee was a fixed amount at approximately \$124,535 per month. For the fiscal year ended September 30, 2005, the administrative fee earned by GHURA totaled \$1,498,405.

(5) Commitments

Housing Assistance Payments

At September 30, 2005, GHURA had approximately 2,515 voucher contracts with dwelling owners, all of which are funded for a period of twelve months. The entire amount of assistance payments committed under these contracts will be funded by HUD.

Local Funds

Proceeds from the sale of property in the amount of \$460,000 have been committed for use in a construction project jointly agreed to by GHURA and the Government of Guam. As of September 30, 2005, \$459,403 has been expended for the construction project.

GHURA 500 proceeds in the amount of \$320,000 have been restricted pending notification from the Government of Guam as to when the amount should be remitted to the General fund.

Construction Work-in-Progress

GHURA has entered into development stage contracts for certain programs. Unliquidated contracts as of September 30, 2005, are as follows:

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 6,616,478	\$ 5,508,072	\$ 1,108,406
Community Development Block Grants	<u>6,443,378</u>	<u>5,331,588</u>	<u>1,111,790</u>
	<u>\$ 13,056,856</u>	<u>\$ 10,839,660</u>	<u>\$ 2,220,196</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(6) Restricted Cash

Guam Elderly Housing Project (GEHP)

In accordance with the Farmer's Home Administration loan covenants (see Note 2), the Authority is required to maintain a reserve account of \$168,600 to be held as collateral for loan reserves. Of this amount, no less than 50%, or \$84,300, shall be maintained in cash. The remaining 50% may be deposited or invested in time certificates of deposit which must be insured by the Federal Deposit Insurance Corporation. As of September 30, 2005, GHURA had \$188,369 and \$178,706 in a restricted cash account and in time certificates of deposit, respectively, for the Guam Elderly Housing Project. Interest income earned is reinvested when related time certificates of deposit mature.

Section 8 and Low Rent Housing

An escrow account has been established for Section 8 and Low Rent Public Housing participants in the Family Self-Sufficiency program (FSS). A portion of rent paid by residents participating in this program is held from them until the participating family meets individually established self-sufficiency goals. The escrowed amount is remitted to the head of household upon completion of their specific work plan or 30 percent of the family's monthly adjusted income equals or exceeds the appropriate fair market rent. Escrows are nonrefundable if the family leaves the program. Interest is accrued on the account. For the year ended September 30, 2005, FSS escrow amounts held by the Authority for the Section 8 and Low Rent Public Housing participants in the FSS program totaled \$483,450 and \$75,298, respectively, or \$558,748 in the aggregate.

(7) Interfund Receivable/Payable Accounts

GHURA maintains interfund receivable and payable accounts for all housing projects and funds that it administers. These amounts represent cumulative account balances for inter-fund activities and were eliminated for financial statement reporting purposes. The inter-fund receivable and payable balances eliminated at September 30, 2005 are as follows:

	Due from other Funds	Due to other Funds	Net Receivable (Payable)
CDBG	\$ 463,067	\$ 605,776	\$ (142,709)
Low Income Housing	548,057	1,132,671	(584,614)
Housing Assistance Programs	124,378	1,916,900	(1,792,522)
Elderly Housing Program	344	377,885	(377,541)
Non-Major Enterprise Funds	5,860,509	2,963,123	2,897,386
Net Interfund balances	\$ 6,996,355	\$ 6,996,355	\$ -

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(8) Capital Assets

A summary of changes in capital assets for the year ended September 30, 2005 is as follows:

	Balance 9/30/04	Additions	Transfers Disposals	Balance 9/30/05
Land	\$ 4,028,321	\$ 15,750	\$ (367,430)	\$ 3,676,641
Structures	75,565,329	853,703	(1,690,479)	74,728,553
Furniture, Fixtures and Equipments	2,426,295	267,376	(11,349)	2,682,322
	82,019,945	1,136,829	(2,635,015)	81,087,516
Less: Accumulated depreciation	(44,392,826)	(2,449,395)	433,150	46,553,461
Net Capital Assets	\$ <u>37,627,119</u>	\$ <u>(1,312,566)</u>	\$ <u>1,780,498</u>	\$ <u>34,534,055</u>

(9) Other Real Estate

The Authority maintains property inventory which it developed under the Astumbo Subdivision which was donated by the Government of Guam under Public Law 14-138. Upon completion of the development of the project and GAAP conversion, the average cost of each lot was estimated at approximately \$17,957. As of September 30, 2005, the Authority had twenty (27) lots in its inventory with an estimated value of \$484,854.

Additionally, the Government of Guam transferred 5 parcels of land to the Authority to construct 500 single-family homes under the GHURA 500 Low Cost Housing Project. Upon completion of the construction and conversion to GAAP, the estimated value per house based on the development cost incurred totaled \$34,653. As of September 30, 2005, the Authority had one hundred and twenty-seven (127) lots in its inventory with an estimated value of \$4,400,931.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(10) Employees Retirement Plan

Employees of the Corporation hired before September 30, 1995 are under the Government of Guam Employees' Retirement System (a defined benefit pension plan). Employees hired after September 30, 1995 are members of the Government of Guam's Defined Contribution Retirement System (DCRS). Until December 31, 1999, those employees who were members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Requirements of both plans are established by Title 4 Guam Code Annotated, Chapter 8, Articles 1 and 2.

The Defined Benefit Plan and the DCRS are administered by the Government of Guam Retirement Fund, to which the Corporation contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

As a result of the most recent actuarial valuation performed as of September 30, 2003, 2002 and 2001, the annual actuarially required contribution rates have been determined as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Normal Cost (as % of expected Defined Benefit Plan payroll)	18.30%	17.66%	16.42%
Unfunded liability costs , as % of total payroll (DB and DC)	<u>19.93%</u>	<u>16.23%</u>	<u>22.94%</u>
	38.23%	33.89%	39.36%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Agency Adjustments	<u>- %</u>	<u>- %</u>	<u>2.68%</u>
Government contribution as % of DB Plan payroll	<u>28.73%</u>	<u>24.39%</u>	<u>32.54%</u>
Government required contribution, as % of total payroll (DB and DC)	<u>24.89%</u>	<u>20.81%</u>	<u>29.25%</u>

Statutory contribution rates for employer and employee contributions were 20.81% and 9.5%, respectively, of qualifying payroll for the fiscal years ended September 30, 2005 and 2004.

The plan utilized the actuarial cost method termed "entry age normal". Significant assumptions are as follows:

	<u>2003</u> <u>Actuarial Valuation</u>	<u>2002</u> <u>Actuarial Valuation</u>
Interest rate and rate of return	7.0%	7.5%
Payroll increases	3.5%	4.5%
Salary increases	4.0% - 8.5%	4.0% - 8.5%

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(10) Employees Retirement Plan, continued

The actuarial valuation performed as of September 30, 2003, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation were performed for the Corporation as a separate sponsor, the accrued liability at September 30, 2005 and 2004 may be materially different than that recorded in the accompanying financial statements.

Contributions in the DCRS by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2005 and 2004 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited in the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

For the year ended September 30, 2005, contributions to the DCRS \$756,229.

(11) Risk Management

GHURA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; operation liability, errors and omissions, employee injuries and illnesses; employee health, dental and accident benefits and natural disasters. GHURA maintains commercial insurance to provide for claims arising from most of these risks. There were no material losses sustained as a result of GHURA's risk management practices.

(12) Contingencies

Federal Award Programs

The Authority participates in a number of federal award programs for specific purposes that are subject to review and audit by grantor agencies, namely the U.S. Department of Housing and Urban Development. Although the Authority has been audited in accordance with the provisions of OMB Circular A-133, these programs are still subject to financial and compliance audits by grantor or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(12) Contingencies, continued

Litigation

GHURA is subject to various claims and other legal actions in the normal course of business. GHURA consults their legal counsel whenever there is a potential or asserted claim, and relies on the advice of counsel for direction and for establishing reserves for potential unfavorable outcomes.

There is a claim for an adverse action appeal by the former Housing Services Manager against GHURA before the Guam Civil Service Commission (CSC) for wrongful termination. The former employee is seeking reinstatement to the position held prior to termination with all back pay and benefits restored, as well as reasonable attorneys' fees. Furthermore, the former employee is claiming that the termination should be voided by the CSC as GHURA failed to issue its Notice of Final Adverse Action within sixty (60) days as required by 4 GCA Section 4406. A Petition for Judicial Review, in SP 122-05, was filed by the GHURA challenging the CSC's determination. However, the presiding judge upheld CSC's ruling, but has yet to issue a written decision as required under Guam law. It is GHURA's stance that the former employee is not entitled to any compensation because at the time of termination, he was no longer an employee, and thus, there can be no restoration of back pay and benefits to a non-employee. The case is still pending and legal counsel asserts that there is a potential that GHURA may owe approximately \$5,000 in attorney fees and costs; however, if GHURA does not prevail, the GHURA may owe the former employee his back pay and wages subject to mitigation. The Authority's legal counsel believes there is a likelihood of success that the case will be dismissed. Therefore, no provision has been made in the accompanying financial statements that may result from this claim.

There is a case asserting a claim of temporary and permanent restraining orders and inverse condemnation relating to the connection by GHURA as well as Guam Waterworks Authority and Department of Public Health and Social Services (Defendants) of a public building to a sewer line. The plaintiffs have requested a restraining order to stop the defendants from connecting to the sewer line, and in the event of a connection, compensation of \$101,719 for an alleged taking of their sewer line, costs of repair to the sewer line, costs of the suit and attorney fees. The temporary restraining order issued has been litigated and the plaintiffs' relief has been denied. GHURA subsequently connected the public building to the sewer line. Plaintiffs filed a motion to alter or amend the Court's decision, requesting that the defendants be enjoined from further trespass, remove the sewer pipes laid under the plaintiffs' property, and restore the property to the condition it was in before the trespass. The Authority's legal counsel believes there is a likelihood of success that the case will be dismissed. Therefore, no provision has been made in the accompanying financial statements that may result from this claim.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(12) Contingencies, continued

Litigation, continued

There is a claim for an adverse action appeal by the former Controller against GHURA before the Guam Civil Service Commission (CSC) for wrongful termination. The former employee asserts that the action taken by GHURA violated the Due Process and Equal Protection Clauses of the United States Constitution and Organic Act of Guam; there was evidence of misconduct; the action taken by GHURA is not supported by the evidence; the Notice of Proposed Adverse Action did not comply with the Rules and Regulations of GHURA or the provisions contained in 4 Guam Code Annotated applicable to adverse actions; the action taken in this case was too severe for the alleged violation; and former employee's Proposed Adverse Action was properly effectuated by the management of GHURA. The former employee is seeking reinstatement to the position held prior to termination with all back pay and benefits restored, as well as reasonable attorneys' fees. A hearing on the merits (administrative hearing) is scheduled to be heard before the CSC Board on October 26, 28, and 31, 2006. Management intends to vigorously contest this matter, but at the same time seek an out-of-court settlement. Legal counsel represents that there is an equal chance the former employee may or may not prevail at hearing on the merits before the CSC Board. However, in the event the former employee prevails, management fully intends on filing a petition for judicial review with the Superior Court of Guam. Therefore, no provision has been made in the accompanying financial statements that may result from this claim.

GHURA also has numerous unlawful detainer complaints that were filed in the regular course of the business, which are mainly eviction proceedings with certain tenants seeking unpaid rent, late payments and damage fees owed to GHURA. However, these proceedings are not covered by insurance. In most cases, the court has granted a judgment.

Medicare

The Government of Guam and its component units, including GHURA, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998 for employees hired after March 31, 1986. Prior to October 1998, the Government of Guam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for such amounts, an indeterminate liability could result. It is the opinion of GHURA and all other component units of the Government of Guam that this health insurance component is optional prior to October 1998. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2005

(13) Lease Commitments

The Authority lease office space under an operating lease with original term of two (2) years expiring April 2007. The future minimum annual lease payments for this rental commitment under this non-cancelable operating lease are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Amount</u>
2006	\$ 32,433
2007	<u>19,914</u>
	<u>\$ 52,347</u>

Rent expense for the year ended September 30, 2005 was \$32,433 which was allocated between the CDBG and Capital Fund.

(14) Equity Transfer

On March 7, 2005, the Board of Commissioner and approved and the Authority's management executed a grant deed officially transferring real property, furniture, equipment and related improvements to a non-related nonprofit organization. The real property, furniture, equipment and improvements thereon were acquired with HOME and CDBG funds at a cost of \$1,848,501. The remaining net equity in the aforementioned real property, at the time of execution of the grant deed, was \$1,559,740 and \$220,758, from the HOME and CDBG programs, respectively.

During the fiscal year ending September 30, 2005, GHURA's Board of Commissioners approved the transfer of \$1,247,255, representing the remaining equity for the Section 8 Certificate program to the Housing Choice Voucher program.

(15) Prior Period Adjustment

On August 24, 2004, HUD conducted a Rental Integrity Monitoring (RIM) Follow-Up Review on the Section 8 Housing Choice Voucher Program (HCVP). The Authority was cited for applying incorrect payment standard. The Authority erroneously established two payment standards, one with utilities and one without utilities. As a result, a prior period adjustment of \$591,136 was recorded to the Housing Choice Voucher fund to reflect Section 8 payment standard calculation errors that occurred during the fiscal year ended September 30, 2004.

(16) Economic Dependency

Statement of Financial Accounting Standard (SFAS) No 14 requires disclosure in the financial statements of a situation where one entity provides more than 10% of the audit entity's revenues. HUD provided approximately \$38.3 million to the Authority, which represents approximately 96% of the Authority's total revenues for the year ended September 30, 2005.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule 1

Salaries, Wages and Benefits Year Ended September 30, 2005

Salaries, wages and benefits:

Salaries	\$ 3,424,714
Retirement benefits	731,030
Benefits other than retirement	270,244
Overtime pay	<u>243,990</u>
Total salaries, wages and benefits	<u>\$ 4,669,978</u>
Employees at end of year	<u>105</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Net Assets
September 30, 2005

ASSETS	TOTAL	B-88-ST- 66-0001	B-89-ST- 66-0001	B-90-ST- 66-0001	B-92-ST- 66-0001	B-93-SH- 66-0001	B-94-ST- 66-0001	B-95-ST- 66-0001	B-96-ST- 66-0001	B-97-ST- 66-0001	B-98-ST- 66-0001	B-99-ST- 66-0001
Cash - restricted	\$ 7,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:												
HUD	616,153	-	-	-	-	-	-	-	-	136,467	-	10,675
Due from other funds	463,067	-	-	-	-	-	-	-	-	-	404,754	-
Other assets	79,531		-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 1,166,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,467	\$ 404,754	\$ 10,675
LIABILITIES AND NET ASSETS												
Accounts payable:												
Due to other funds	\$ 605,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,467	\$ -	\$ 10,675
HUD	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:												
Compensated absences	65,160	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	495,476	-	-	-	-	-	-	-	-	-	404,754	-
Net assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 1,166,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,467	\$ 404,754	\$ 10,675

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Net Assets, Continued
September 30, 2005

ASSETS	Sub-Total	B-00-ST- 66-0001	B-01-ST- 66-0001	B-02-ST- 66-0001	B-03-ST- 66-0001	B-04-ST- 66-0001	M-93-ST- 66-0202	M-94-ST- 66-0202	M-95-ST- 66-0001	M-96-ST- 66-0202	M-97-ST- 66-0202	M-98-ST- 66-0202	M-99-ST- 66-0202	M-00-ST- 66-0202	M-01-ST- 66-0202	M-02-ST- 66-0202	M-03-ST- 66-0202	M-04-ST- 66-0202
Cash	\$ 7,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,661	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:																		
HUD	382,622	1,428	69,625	13,259	651	61,600	-	-	-	-	-	-	-	-	31,305	85,406	117,398	1,950
Due from other funds	58,313	-	-	-	-	-	-	-	-	-	-	-	-	58,313	-	-	-	-
Other assets	79,063	-	-	598	33	37,453	-	-	-	-	-	-	9,030	3,741	234	-	27,974	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 527,659	\$ 1,428	\$ 69,625	\$ 13,857	\$ 684	\$ 99,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,030	\$ 69,715	\$ 31,539	\$ 85,406	\$ 145,372	\$ 1,950
LIABILITIES AND NET ASSETS																		
Accounts payable:																		
Due to other funds	\$ 375,351	\$ 708	\$ 66,177	\$ 12,540	\$ 684	\$ 61,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,372	\$ -	\$ 31,464	\$ 74,191	\$ 117,473	\$ 1,950
HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:																		
Compensated absences	65,160	-	-	-	-	37,261	-	-	-	-	-	-	-	-	-	-	27,899	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	87,148	720	3,448	1,317	-	-	-	-	-	-	-	-	658	69,715	75	11,215	-	-
Net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 527,659	\$ 1,428	\$ 69,625	\$ 13,857	\$ 684	\$ 99,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,030	\$ 69,715	\$ 31,539	\$ 85,406	\$ 145,372	\$ 1,950

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Net Assets, Continued
September 30, 2005

ASSETS	Sub-Total	S-94-DC- 66-0001	S-95-DC- 66-0001	S-96-DC- 66-0001	S-97-DC- 66-0001	S-98-DC- 66-0001	S-99-DC- 66-0001	S-00-DC- 66-0001	S-01-DC- 66-0001	S-02-DC- 66-0001	S-03-DC- 66-0001	S-04-DC- 66-0001	GUO8-B00- 0001	GUO8-B00- 0004	GUO8-C10- 0001	GUO8-B10- 0002	GUO8-B20- 0001	GUO8-B20- 0002	GUO8-B20- 0003	GUO8-B30- 0001
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:																				
HUD	86,389	-	-	-	-	-	-	-	-	-	-	796	-	-	13,061	3,483	-	-	69,049	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	468	-	-	-	-	-	-	-	-	468	-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 86,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468	\$ -	\$ 796	\$ -	\$ -	\$ 13,061	\$ 3,483	\$ -	\$ -	\$ 69,049	\$ -
LIABILITIES AND NET ASSETS																				
Accounts payable:																				
Due to other funds	\$ 83,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468	\$ (56)	\$ 796	\$ -	\$ -	\$ 13,061	\$ 3,483	\$ (230)	\$ (3,288)	\$ 69,049	\$ -
HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:																				
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,574	-	-	-	-	-	-	-	-	-	56	-	-	-	-	-	230	3,288	-	-
Net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 86,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468	\$ -	\$ 796	\$ -	\$ -	\$ 13,061	\$ 3,483	\$ -	\$ -	\$ 69,049	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

	<u>TOTAL</u>	<u>B-89-ST- 66-0001</u>	<u>B-90-ST- 66-0001</u>	<u>B-92-ST- 66-0001</u>	<u>B-93-SH- 66-0001</u>	<u>B-94-ST- 66-0001</u>	<u>B-95-ST- 66-0001</u>	<u>B-96-ST- 66-0001</u>	<u>B-97-ST- 66-0001</u>	<u>B-98-ST- 66-0001</u>	<u>B-99-ST- 66-0001</u>	<u>B-00-ST- 66-0001</u>	<u>B-01-ST- 66-0001</u>	<u>B-02-ST- 66-0001</u>	<u>B-03-ST- 66-0001</u>
Revenues:															
Federal contributions	\$ 4,692,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,609	\$ 65,939	\$ 5,421	\$ 1,052,884	\$ 876,150
Other	963,669	-	-	-	-	-	-	-	-	2,908	-	-	-	-	94
Total Revenues	<u>5,656,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908</u>	<u>7,609</u>	<u>65,939</u>	<u>5,421</u>	<u>1,052,884</u>	<u>876,244</u>
Operating expenses:															
Administrative salaries	676,502	-	-	-	-	-	-	-	-	2,366	330	847	-	114,894	166,960
Employee benefits	184,100	-	-	-	-	-	-	-	-	542	76	236	-	32,444	44,320
Repair and maintenance	3,582,608	-	-	-	-	-	-	-	-	-	7,203	64,856	5,421	853,242	481,516
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,213,285	-	-	-	-	-	-	-	-	-	-	-	-	52,304	183,448
Total operating expenses	<u>5,656,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908</u>	<u>7,609</u>	<u>65,939</u>	<u>5,421</u>	<u>1,052,884</u>	<u>876,244</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses):															
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before adjustments and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments and transfers	<u>(1,780,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,176)</u>
Change in net assets	<u>(1,780,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,176)</u>
Total net assets, beginning of year	1,780,498	-	-	-	-	-	-	-	-	-	83,582	-	-	-	137,176
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239

Combining Statement of Revenues, Expenses and Changes in Net Assets, Continued
Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>M-93-ST- 66-0202</u>	<u>M-94-ST- 66-0202</u>	<u>M-95-ST- 66-0001</u>	<u>M-96-ST- 66-0202</u>	<u>M-97-ST- 66-0202</u>	<u>M-98-ST- 66-0202</u>	<u>M-99-ST- 66-0202</u>	<u>M-00-ST- 66-0202</u>	<u>M-01-ST- 66-0202</u>	<u>M-02-ST- 66-0202</u>	<u>M-03-ST- 66-0202</u>	<u>M-04-ST- 66-0202</u>	<u>S-97-DC- 66-0001</u>	<u>S-98-DC- 66-0001</u>
Revenues:															
Federal contributions	\$ 1,761,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,573	\$ 1,182,817	\$ 434,806	\$ 1,950	\$ -	\$ -
Other	<u>960,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,521</u>	<u>-</u>	<u>164,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,721,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,521</u>	<u>141,573</u>	<u>1,346,963</u>	<u>434,806</u>	<u>1,950</u>	<u>-</u>	<u>-</u>
Operating expenses:															
Administrative salaries	322,545	-	-	-	-	-	-	-	20,686	38,663	184,076	79,120	-	-	-
Employee benefits	86,835	-	-	-	-	-	-	-	5,202	10,406	49,522	21,705	-	-	-
Repair and maintenance	2,042,757	-	-	-	-	-	-	-	662,163	47,372	1,065,667	267,555	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	<u>269,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,470</u>	<u>45,132</u>	<u>47,698</u>	<u>66,426</u>	<u>1,950</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,721,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,521</u>	<u>141,573</u>	<u>1,346,963</u>	<u>434,806</u>	<u>1,950</u>	<u>-</u>	<u>-</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenditures):															
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before adjustments and transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments and transfers	<u>(1,559,740)</u>	<u>(554,315)</u>	<u>(627,306)</u>	<u>(376,794)</u>	<u>(1,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(1,559,740)</u>	<u>(554,315)</u>	<u>(627,306)</u>	<u>(376,794)</u>	<u>(1,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, beginning of year	1,559,740	554,315	627,306	376,794	1,325	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239

Combining Statement of Revenues, Expenses and Changes in Net Assets, Continued
Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>S-99-DC- 66-0001</u>	<u>S-00-DC- 66-0001</u>	<u>S-01-DC- 66-0001</u>	<u>S-02-DC- 66-0001</u>	<u>S-03-DC- 66-0001</u>	<u>S-04-DC- 66-0001</u>	<u>GU08-B00- 0001</u>	<u>GU08-B00- 0004</u>	<u>GU08-C10- 0001</u>	<u>GU08-B10- 0002</u>	<u>GU08-B20- 0001</u>	<u>GU08-B20- 0002</u>	<u>GU08-B20- 0003</u>	<u>GU08-B30- 0001</u>
Revenues:															
Federal contributions	\$ 480,890	\$ -	\$ -	\$ -	\$ -	\$ 36,151	\$ 99,065	\$ -	\$ -	\$ 74,542	\$ 19,670	\$ 10,789	\$ 12,013	\$ 213,105	\$ 15,555
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>480,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,151</u>	<u>99,065</u>	<u>-</u>	<u>-</u>	<u>74,542</u>	<u>19,670</u>	<u>10,789</u>	<u>12,013</u>	<u>213,105</u>	<u>15,555</u>
Operating expenses:															
Administrative salaries	7,102	-	-	-	-	1,321	3,476	-	-	-	-	780	290	1,235	-
Employee benefits	2,234	-	-	-	-	382	1,118	-	-	-	-	255	91	388	-
Repair and maintenance	127,613	-	-	-	-	33,657	93,956	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	<u>343,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791</u>	<u>515</u>	<u>-</u>	<u>-</u>	<u>74,542</u>	<u>19,670</u>	<u>9,754</u>	<u>11,632</u>	<u>211,482</u>	<u>15,555</u>
Total operating expenses	<u>480,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,151</u>	<u>99,065</u>	<u>-</u>	<u>-</u>	<u>74,542</u>	<u>19,670</u>	<u>10,789</u>	<u>12,013</u>	<u>213,105</u>	<u>15,555</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenditures):															
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before adjustments and transfers	-														
Adjustments and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Cash Flows
Year Ended September 30, 2005

	<u>TOTAL</u>	<u>B-88-ST- 66-0001</u>	<u>B-89-ST- 66-0001</u>	<u>B-90-ST- 66-0001</u>	<u>B-92-ST- 66-0001</u>	<u>B-93-SH- 66-0001</u>	<u>B-94-ST- 66-0001</u>	<u>B-95-ST- 66-0001</u>	<u>B-96-ST- 66-0001</u>	<u>B-97-ST- 66-0001</u>	<u>B-98-ST- 66-0001</u>
Cash flows from operating activities:											
Receipts from customers	\$ 5,593,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,908
Payments to suppliers	(5,625,712)	-	-	-	-	-	-	-	-	-	-
Payments to employees	(867,805)	-	-	-	-	-	-	-	-	-	(2,908)
Net cash provided (used) by operating activities	(900,302)	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:											
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:											
Transfers from fund balance	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(900,302)	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning year	907,963	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ 7,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239**

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>B-99-ST- 66-0001</u>	<u>B-00-ST- 66-0001</u>	<u>B-01-ST- 66-0001</u>	<u>B-02-ST- 66-0001</u>	<u>B-03-ST- 66-0001</u>	<u>B-04-ST- 66-0001</u>	<u>M-93-ST- 66-0202</u>	<u>M-94-ST- 66-0202</u>	<u>M-95-ST- 66-0001</u>	<u>M-96-ST- 66-0202</u>	<u>M-97-ST- 66-0202</u>	<u>M-98-ST- 66-0202</u>
Cash flows from operating activities:													
Receipts from customers	\$ 2,387,604	\$ 81,505	\$ 65,939	\$ 5,421	\$ 1,052,884	\$ 739,068	\$ 442,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to suppliers	(1,941,423)	(73,896)	(64,856)	(5,421)	(905,546)	(527,788)	(363,916)	-	-	-	-	-	-
Payments to employees	<u>(446,181)</u>	<u>(7,609)</u>	<u>(1,083)</u>	<u>-</u>	<u>(147,338)</u>	<u>(211,280)</u>	<u>(78,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:													
Acquisition of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:													
Transfers from fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Cash Flows, Continued
Year Ended September 30, 2005

	Sub-Total	M-99-ST- 66-0202	M-00-ST- 66-0202	M-01-ST- 66-0202	M-02-ST- 66-0202	M-03-ST- 66-0202	M-04-ST- 66-0202	S-94-DC- 66-0001	S-95-DC- 66-0001	S-96-DC- 66-0001	S-97-DC- 66-0001	S-98-DC- 66-0001	S-99-DC- 66-0001	S-00-DC- 66-0001
Cash flows from operating activities:														
Receipts from customers	\$ 2,721,813	\$ -	\$ 796,521	\$ 141,573	\$ 1,346,963	\$ 434,806	\$ 1,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to suppliers	(3,212,735)	-	(1,670,935)	(92,504)	(1,113,365)	(333,981)	(1,950)	-	-	-	-	-	-	-
Payments to employees	(409,380)	-	(25,888)	(49,069)	(233,598)	(100,825)	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	(900,302)	-	(900,302)	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:														
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:														
Transfers from fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(900,302)	-	(900,302)	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning year	907,963	-	907,963	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ 7,661</u>	<u>\$ -</u>	<u>\$ 7,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Cash Flows, Continued
Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>S-01-DC- 66-0001</u>	<u>S-02-DC- 66-0001</u>	<u>S-03-DC- 66-0001</u>	<u>S-04-DC- 66-0001</u>	<u>GUO8-B00- 0001</u>	<u>GUO8-B00- 0004</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-B10- 0002</u>	<u>GUO8-B20- 0001</u>	<u>GUO8-B20- 0002</u>	<u>GUO8-B20- 0003</u>	<u>GUO8-B30- 0001</u>
Cash flows from operating activities:													
Receipts from customers	\$ 480,890	\$ -	\$ -	\$ 36,151	\$ 99,065	\$ -	\$ -	\$ 74,542	\$ 19,670	\$ 10,789	\$ 12,013	\$ 213,105	\$ 15,555
Payments to suppliers	(471,554)	-	-	(34,448)	(94,471)	-	-	(74,542)	(19,670)	(9,754)	(11,632)	(211,482)	(15,555)
Payments to employees	(9,336)	-	-	(1,703)	(4,594)	-	-	-	-	(1,035)	(381)	(1,623)	-
Net cash provided (used) by operating activities	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:													
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:													
Transfers from fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning year	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>B-88-ST- 66-0001</u>	<u>B-89-ST- 66-0001</u>	<u>B-90-ST- 66-0001</u>	<u>B-92-ST- 66-0001</u>	<u>B-93-SH- 66-0001</u>	<u>B-94-ST- 66-0001</u>	<u>B-95-ST- 66-0001</u>	<u>B-96-ST- 66-0001</u>	<u>B-97-ST- 66-0001</u>	<u>B-98-ST- 66-0001</u>
Reconciliation of operating income (loss) to net cash											
provided (used) by operating activities:											
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash											
provided by (used) operating activities:	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:											
Accounts receivable - HUD	166,354	-	-	-	-	-	-	-	-	1	-
Accounts receivable - Due from other funds	6,288,658	-	-	-	-	-	-	-	-	741,005	347,489
Other assets	10,890	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:											
Accounts payable - Due to other funds	(6,089,604)	-	-	-	-	-	-	-	-	(741,006)	(347,725)
Accounts payable - HUD	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	(519,586)	-	-	-	-	-	-	-	-	-	(38,301)
Other liabilities	(757,014)	-	-	-	-	-	-	-	-	-	38,537
Net cash provided (used) by operating activities	<u>\$ (900,302)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>B-99-ST- 66-0001</u>	<u>B-00-ST- 66-0001</u>	<u>B-01-ST- 66-0001</u>	<u>B-02-ST- 66-0001</u>	<u>B-03-ST- 66-0001</u>	<u>B-04-ST- 66-0001</u>	<u>M-93-ST- 66-0202</u>	<u>M-94-ST- 66-0202</u>	<u>M-95-ST- 66-0001</u>	<u>M-96-ST- 66-0202</u>	<u>M-97-ST- 66-0202</u>	<u>M-98-ST- 66-0202</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:													
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:													
Accounts receivable - HUD	339,808	66,827	199	73	277,962	56,347	(61,600)	-	-	-	-	-	-
Accounts receivable - Due from other funds	2,669,151	1,127,950	911,370	549,540	62,012	18,279	-	-	-	-	-	-	-
Other assets	(1,394)	-	-	-	36,092	(33)	(37,453)	-	-	-	-	-	-
Increase (decrease) in liabilities:													
Accounts payable - Due to other funds	(2,616,582)	(1,128,858)	(911,569)	(547,589)	(90,990)	632	61,792	-	-	-	-	-	-
Accounts payable - HUD	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	(376,828)	(65,919)	-	-	(272,945)	(75,225)	37,261	-	-	-	-	-	-
Other liabilities	(14,155)	-	-	(2,024)	(12,131)	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239

Combining Statement of Cash Flows, Continued
Year Ended September 30, 2005

	<u>Sub-Total</u>	<u>M-99-ST- 66-0202</u>	<u>M-00-ST- 66-0202</u>	<u>M-01-ST- 66-0202</u>	<u>M-02-ST- 66-0202</u>	<u>M-03-ST- 66-0202</u>	<u>M-04-ST- 66-0202</u>	<u>S-94-DC- 66-0001</u>	<u>S-95-DC- 66-0001</u>	<u>S-96-DC- 66-0001</u>	<u>S-97-DC- 66-0001</u>	<u>S-98-DC- 66-0001</u>	<u>S-99-DC- 66-0001</u>	<u>S-00-DC- 66-0001</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:														
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:														
Accounts receivable - HUD	(190,633)	-	-	14,122	(85,407)	(117,398)	(1,950)	-	-	-	-	-	-	-
Accounts receivable - Due from other funds	2,494,095	937,434	1,316,433	240,228	-	-	-	-	-	-	-	-	-	-
Other assets	12,284	-	-	40,258	-	(27,974)	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:														
Accounts payable - Due to other funds	(2,365,246)	(937,447)	(1,377,341)	(244,072)	74,191	117,473	1,950	-	-	-	-	-	-	-
Accounts payable - HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	(62,544)	(645)	(43,070)	(46,728)	-	27,899	-	-	-	-	-	-	-	-
Other liabilities	(788,258)	658	(796,324)	(3,808)	11,216	-	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	\$ <u>(900,302)</u>	\$ <u>-</u>	\$ <u>(900,302)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

COMMUNITY DEVELOPMENT BLOCK GRANTS
CFDA NOS. 14.225, 14.231, 14.235, 14.238 and 14.239
Combining Statement of Cash Flows, Continued
Year Ended September 30, 2005

	Sub-Total	S-01-DC- 66-0001	S-02-DC- 66-0001	S-03-DC- 66-0001	S-04-DC- 66-0001	GUO8-B00- 0001	GUO8-B00- 0004	GUO8-C10- 0001	GUO8-B10- 0002	GUO8-B20- 0001	GUO8-B20- 0002	GUO8-B20- 0003	GUO8-B30- 0001
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:													
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:													
(Increase) decrease in assets:													
Accounts receivable - HUD	17,178	-	-	10,869	(796)	39,611	17,422	(1,662)	-	20,343	-	(68,609)	-
Accounts receivable - Due from other funds	36,918	-	10,364	-	-	-	-	26,554	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:													
Accounts payable - Due to other funds	(19,045)	-	(10,364)	(376)	796	(39,611)	(17,422)	(13,493)	-	(608)	(6,576)	68,609	-
Accounts payable - HUD	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	(41,913)	-	-	(10,549)	-	-	-	(11,399)	-	(19,965)	-	-	-
Other liabilities	6,862	-	-	56	-	-	-	-	-	230	6,576	-	-
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

LOW INCOME PUBLIC HOUSING

Combining Statement of Net Assets

September 30, 2005

ASSETS	Total	Low Rent Public Housing CFDA No. 14.850a	Drug Elimination CFDA No. 14.854	Comp Grant CFDA No. 14.859	Capital Fund CFDA No. 14.872	Economic Development Support Svc. CFDA No. 14.864	ROSS CFDA No. 14.870
Current assets:							
Cash:							
Cash - General Fund	\$ 450,369	\$ 450,369	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash - other	102,270	102,270	-	-	-	-	-
Total cash	<u>552,639</u>	<u>552,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable:							
Tenants	53,169	53,169	-	-	-	-	-
Promissory notes	10,080	10,080	-	-	-	-	-
HUD	107,661	82,610	-	-	25,051	-	-
Due from other programs	548,057	539,741	-	-	-	-	8,316
Others	<u>30,582</u>	<u>30,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	749,549	716,182	-	-	25,051	-	8,316
Allowance for doubtful accounts	<u>(27,812)</u>	<u>(27,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accounts receivable	<u>721,737</u>	<u>688,370</u>	<u>-</u>	<u>-</u>	<u>25,051</u>	<u>-</u>	<u>8,316</u>
Inventories	<u>218,961</u>	<u>218,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments:							
General fund	888,622	888,622	-	-	-	-	-
Security deposits	<u>160,461</u>	<u>160,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>1,049,083</u>	<u>1,049,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid and other current assets	<u>276,786</u>	<u>40,625</u>	<u>-</u>	<u>207,511</u>	<u>24,452</u>	<u>-</u>	<u>4,198</u>
Total current assets	<u>2,819,206</u>	<u>2,549,678</u>	<u>-</u>	<u>207,511</u>	<u>49,503</u>	<u>-</u>	<u>12,514</u>
Noncurrent assets:							
Capital Assets:							
Land, structures and equipment, at cost	76,514,983	51,308,837	-	13,966,101	11,240,045	-	-
Accumulated depreciation	<u>(44,915,570)</u>	<u>(44,883,466)</u>	<u>-</u>	<u>-</u>	<u>(32,104)</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>31,599,413</u>	<u>6,425,371</u>	<u>-</u>	<u>13,966,101</u>	<u>11,207,941</u>	<u>-</u>	<u>-</u>
Other assets	<u>9,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,271</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>31,608,684</u>	<u>6,425,371</u>	<u>-</u>	<u>13,966,101</u>	<u>11,217,212</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 34,427,890</u>	<u>\$ 8,975,049</u>	<u>\$ -</u>	<u>\$ 14,173,612</u>	<u>\$ 11,266,715</u>	<u>\$ -</u>	<u>\$ 12,514</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

LOW INCOME PUBLIC HOUSING
Combining Statement of Net Assets, Continued
September 30, 2005

		Low Rent Public Housing CFDA No.	Drug Elimination CFDA No.	Comp Grant CFDA No.	Capital Fund CFDA No.	Economic Development Support Svc. CFDA No.	ROSS CFDA No.
	Total	14.850a	14.854	14.859	14.872	14.864	14.870
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable:							
Trade	\$ 15,034	\$ 15,034	\$ -	\$ -	\$ -	\$ -	\$ -
HUD	362,318	362,318	-	-	-	-	-
Tenant security deposits	149,196	149,196	-	-	-	-	-
Due to other funds	1,132,671	883,718	-	207,511	37,244	-	4,198
Compensated absences, current portion	90,631	81,568	-	-	9,063	-	-
Other	154,327	154,302	-	-	25	-	-
Total accounts payable	1,904,177	1,646,136	-	207,511	46,332	-	4,198
Deferred credits:							
Tenants prepaid rents	14,546	14,546	-	-	-	-	-
Other	11,487	-	-	-	3,171	-	8,316
Total deferred credits	26,033	14,546	-	-	3,171	-	8,316
Total current liabilities	1,930,210	1,660,682	-	207,511	49,503	-	12,514
Noncurrent liabilities:							
Compensated absences, net of current portion	92,997	83,726	-	-	9,271	-	-
Total noncurrent liabilities	92,997	83,726	-	-	9,271	-	-
Total liabilities	2,023,207	1,744,408	-	207,511	58,774	-	12,514
Net Assets:							
Invested in capital assets, net of related debt	31,599,413	6,425,371	-	13,966,101	11,207,941	-	-
Restricted	26,972	26,972	-	-	-	-	-
Unrestricted	778,298	778,298	-	-	-	-	-
Total net assets	32,404,683	7,230,641	-	13,966,101	11,207,941	-	-
Total liabilities and net assets	\$ 34,427,890	\$ 8,975,049	\$ -	\$ 14,173,612	\$ 11,266,715	\$ -	\$ 12,514

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

LOW INCOME PUBLIC HOUSING
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

		Low Rent Public Housing CFDA No. 14.850a	Drug Elimination CFDA No. 14.854	Comp Grant CFDA No. 14.859	Capital Fund CFDA No. 14.872	Economic Development Support Svc. CFDA No. 14.864	ROSS CFDA No. 14.870
	Total						
Operating revenues:							
Tenant rental income	\$ 98,344	\$ 98,344	\$ -	\$ -	\$ -	\$ -	\$ -
HUD PHA Grants	3,921,066	3,600,472	-	-	229,113	-	91,481
Other income	89,061	87,967	-	-	1,094	-	-
Total operating revenues	4,108,471	3,786,783	-	-	230,207	-	91,481
Operating expenses:							
Depreciation	2,328,490	2,310,122	-	-	18,368	-	-
Administrative expense	1,158,638	855,537	-	-	211,620	-	91,481
Repairs and maintenance	740,881	740,881	-	-	-	-	-
Other	676,396	676,396	-	-	-	-	-
Tenant service	422,302	422,302	-	-	-	-	-
Employee benefits	243,483	224,896	-	-	18,587	-	-
Utilities	151,094	151,094	-	-	-	-	-
Bad debts	11,043	11,043	-	-	-	-	-
Total operating expenses	5,732,327	5,392,271	-	-	248,575	-	91,481
Operating loss	(1,623,856)	(1,605,488)	-	-	(18,368)	-	-
Non-operating revenues:							
Interest on general fund investments	25,902	25,902	-	-	-	-	-
Capital grants	708,662	-	-	-	708,662	-	-
Total non-operating revenues	734,564	25,902	-	-	708,662	-	-
Income (loss) before adjustments and transfers	(889,292)	(1,579,586)	-	-	690,294	-	-
Adjustments and transfers	-	-			-	-	-
Change in net assets	(889,292)	(1,579,586)	-	-	690,294	-	-
Total net assets, beginning of year	33,293,975	8,810,227	-	13,966,101	10,517,647	-	-
Total net assets, end of year	\$ 32,404,683	\$ 7,230,641	\$ -	\$ 13,966,101	\$ 11,207,941	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

LOW INCOME PUBLIC HOUSING

Combining Statement of Cash Flows

Year Ended September 30, 2005

	Total	Low Rent Public Housing CFDA No. 14.850a	Drug Elimination CFDA No. 14.854	Comp Grant CFDA No. 14.859	Capital Fund CFDA No. 14.872	Economic Development Support Svc. CFDA No. 14.864	ROSS CFDA No. 14.870
Cash flows from operating activities:							
Receipts from customers	\$ 4,108,471	\$ 3,786,783	\$ -	\$ -	\$ 230,207	\$ -	\$ 91,481
Payments to suppliers	(4,528,322)	(4,436,841)	-	-	-	-	(91,481)
Payments to employees	(1,067,157)	(855,537)	-	-	(211,620)	-	-
Other cash receipts (payments)	724,995	34,920	-	-	690,075	-	-
Net cash provided by operating activities	(762,013)	(1,470,675)	-	-	708,662	-	-
Cash flows from capital and related financing activities:							
Transfers to fund balance	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-
Cash flows from investing activities:							
Acquisition of fixed assets	(783,568)	(74,906)	-	-	(708,662)	-	-
Investment in time certificate of deposit	1,691,800	1,691,800	-	-	-	-	-
Net cash used for investing activities	908,232	1,616,894	-	-	(708,662)	-	-
Net increase (decrease) in cash and cash equivalents	146,219	146,219	-	-	-	-	-
Cash and cash equivalents at beginning of year	406,420	406,420	-	-	-	-	-
Cash and cash equivalents at end of year	\$ 552,639	\$ 552,639	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

LOW INCOME PUBLIC HOUSING
Combined Statement of Cash Flows, Continued
Year Ended September 30, 2005

	Total	Low Rent Public Housing CFDA No. 14.850a	Drug Elimination CFDA No. 14.854	Comp Grant CFDA No. 14.859	Capital Fund CFDA No. 14.872	Economic Development Support Svc. CFDA No. 14.864	ROSS CFDA No. 14.870
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:							
Net operating income	\$ (889,292)	\$ (1,579,586)	\$ -	\$ -	\$ 690,294	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation	2,328,490	2,310,122	-	-	18,368	-	-
Bad debts	11,043	11,043	-	-	-	-	-
(Increase) decrease in assets:							
Accounts receivable:							
Tenants and promissory notes	(12,853)	(12,853)	-	-	-	-	-
Due from other funds	11,866,768	4,709,448	184,074	9,136	6,972,426	-	(8,316)
Others	-	-	-	-	-	-	-
HUD	201,061	-	124,039	-	21,081	-	55,941
Accrued interest	-	-	-	-	-	-	-
Inventories	(72,744)	(72,744)	-	-	-	-	-
Other assets	(7,427)	(5,133)	-	-	(2,729)	-	435
Increase (decrease) in liabilities:							
Accounts payable:							
Trade payables	(320,394)	(320,394)	-	-	-	-	-
HUD	-	-	-	-	-	-	-
Due to other funds	(13,601,904)	(6,513,081)	(184,074)	(9,136)	(6,892,463)	-	(3,150)
Others	(38,534)	9,511	-	-	(3,135)	-	(44,910)
Security deposits	(9,349)	(9,349)	-	-	-	-	-
Accrued liabilities	(172,861)	12,170	(124,039)	-	(60,992)	-	-
Deferred credits	(44,017)	(9,829)	-	-	(34,188)	-	-
Net cash provided (used) by operating activities	<u>\$ (762,013)</u>	<u>\$ (1,470,675)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,662</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Combining Statement of Net Assets

September 30, 2005

Assets	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Current assets:					
Cash:					
Unrestricted	\$ 6,012,186	\$ -	\$ -	\$ -	\$ 6,012,186
Restricted - FSS escrow account	483,450	-	-	-	483,450
Total cash	<u>6,495,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,495,636</u>
Accounts receivable:					
HUD	1,214	-	-	-	1,214
Due from other funds	124,378	-	91,010	33,368	-
Other	110,052	-	5,373	-	104,679
Total accounts receivable	<u>235,644</u>	<u>-</u>	<u>96,383</u>	<u>33,368</u>	<u>105,893</u>
Prepaid expenses and other assets	4,932	-	-	-	4,932
Investments:					
Unrestricted	59,460	-	59,460	-	-
Restricted reserve fund	193,429	-	191,128	-	2,301
Total investments	<u>252,889</u>	<u>-</u>	<u>250,588</u>	<u>-</u>	<u>2,301</u>
Total current assets	<u>6,989,101</u>	<u>-</u>	<u>346,971</u>	<u>33,368</u>	<u>6,608,762</u>
Noncurrent assets:					
Capital Assets:					
Land, structures, and equipment	457,454	-	-	-	457,454
Accumulated depreciation	(305,197)	-	-	-	(305,197)
Total capital assets, net	<u>152,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,257</u>
Total noncurrent assets	<u>152,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,257</u>
Total assets	<u>\$ 7,141,358</u>	<u>\$ -</u>	<u>\$ 346,971</u>	<u>\$ 33,368</u>	<u>\$ 6,761,019</u>
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable:					
HUD	\$ 3,315,998	\$ -	\$ (11,477)	\$ 11,477	\$ 3,315,998
Due to other funds	1,916,900	-	-	-	1,916,900
Compensated absences, current portion	47,548	-	-	-	47,548
Other	599,982	-	-	-	599,982
Total current liabilities	<u>5,880,428</u>	<u>-</u>	<u>(11,477)</u>	<u>11,477</u>	<u>5,880,428</u>
Noncurrent Liabilities:					
Compensated absences, net of current portion	57,076	-	-	-	57,076
Other liabilities	50,601	-	-	-	50,601
Total noncurrent liabilities	<u>107,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,677</u>
Total Liabilities	<u>5,988,105</u>	<u>-</u>	<u>(11,477)</u>	<u>11,477</u>	<u>5,988,105</u>
Net Assets:					
Invested in capital assets, net of related debt	152,257	-	-	-	152,257
Restricted	-	-	-	-	-
Unrestricted	1,000,996	-	358,448	21,891	620,657
Total Net Assets	<u>1,153,253</u>	<u>-</u>	<u>358,448</u>	<u>21,891</u>	<u>772,914</u>
Total Liabilities and Net Assets	<u>\$ 7,141,358</u>	<u>\$ -</u>	<u>\$ 346,971</u>	<u>\$ 33,368</u>	<u>\$ 6,761,019</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
HOUSING ASSISTANCE PAYMENTS PROGRAM
CFDA NO. 14.856, 14.857, and 14.871
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Operating revenues:					
HUD PHA Grants	\$ 28,637,354	\$ -	\$ -	\$ -	\$ 28,637,354
Other income	55,289	-	-	-	55,289
Total operating revenues	28,692,643	-	-	-	28,692,643
Operating expenses:					
Housing assistance payments	27,685,484	-	-	-	27,685,484
Administrative expense	1,135,924	-	-	-	1,135,924
Employee benefit contribution	257,145	-	-	-	257,145
Depreciation	46,700	-	-	-	46,700
Other general expense	39,168	-	-	-	39,168
Total operating expenses	29,164,421	-	-	-	29,164,421
Operating income	(471,778)	-	-	-	(471,778)
Non-operating revenues (expenses):					
Interest on operating reserve investments	3,438	-	3,388	-	50
Interest on general fund investments	2,119	-	2,119	-	-
Total non-operating revenues (expenses)	5,557	-	5,507	-	50
Income (loss) before adjustments and transfers	(466,221)	-	5,507	-	(471,728)
Adjustments and transfers	-	(1,247,255)	-	-	1,247,255
Change in net assets	(466,221)	(1,247,255)	5,507	-	775,527
Total net assets, beginning of year	2,210,610	1,247,255	352,941	21,891	588,523
Prior period adjustments	(591,136)	-	-	-	(591,136)
Total net assets, end of year	\$ 1,153,253	\$ -	\$ 358,448	\$ 21,891	\$ 772,914

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Combining Statement of Cash Flows

Year Ended September 30, 2005

	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Cash flows from operating activities:					
Receipts from customers	\$ 28,642,861	\$ -	\$ 5,507	\$ -	\$ 28,637,354
Payments to suppliers	(27,685,484)	-	-	-	(27,685,484)
Payments to employees	(919,116)	-	-	-	(919,116)
Other cash receipts (payments)	3,442,188	-	-	-	3,442,188
Net cash provided by (used in) operating activities	3,480,449	-	5,507	-	3,474,942
Cash flows from capital and related financing activities:					
Transfers to fund balance	656,119	-	-	-	656,119
Net cash flows used for capital and related financing activities	656,119	-	-	-	656,119
Cash flows from investing activities:					
Fixed asset purchases	(53,691)	-	-	-	(53,691)
Decrease (increase) in investments	818,410	-	(1,306)	-	819,716
Increase in restricted assets	(6,502)	-	(4,201)	-	(2,301)
Net cash provided by (used in) investing activities	758,217	-	(5,507)	-	763,724
Net decrease in cash and cash equivalents	4,894,785	-	-	-	4,894,785
Cash and cash equivalents at beginning of year	1,600,851	-	-	-	1,600,851
Cash and cash equivalents at end of year	\$ 6,495,636	\$ -	\$ -	\$ -	\$ 6,495,636
Cash, including time deposits	\$ 6,012,186	-	-	-	6,012,186
Restricted cash, including time deposits	483,450	-	-	-	483,450
Total cash and cash equivalents at end of year	\$ 6,495,636	\$ -	\$ -	\$ -	\$ 6,495,636

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Net income	\$ (466,221)	\$ -	\$ 5,507	\$ -	\$ (471,728)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	46,700	-	-	-	46,700
(Increase) decrease in assets:					
Accounts receivable:					
HUD	215,235	-	-	-	215,235
Due from other funds	6,467,930	-	-	-	6,467,930
Accrued interest	-	-	-	-	-
Other	(28,267)	-	-	-	(28,267)
Prepaid expenses and other assets	4,932	-	-	-	4,932
Increase (decrease) in liabilities:					
Accounts payable:					
HUD	3,315,998	-	-	-	3,315,998
Due to other funds	(6,079,229)	-	-	-	(6,079,229)
Other	(43,953)	-	-	-	(43,953)
Deferred credits	-	-	-	-	-
Accrued expenses	47,324	-	-	-	47,324
Net cash provided by (used in) operating activities	<u>\$ 3,480,449</u>	<u>\$ -</u>	<u>\$ 5,507</u>	<u>\$ -</u>	<u>\$ 3,474,942</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

GUAM ELDERLY HOUSING PROJECT

CFDA NO. 14.157

Statement of Net Assets

September 30, 2005

ASSETS

Current assets:

Cash:

Unrestricted	\$ 28,201
Restricted	188,369
Security deposits	13,947
Total cash	<u>230,517</u>

Accounts receivable:

HUD	170,348
Due from other funds	344
Tenants	1,270
Other	20,257
Total accounts receivable	<u>192,219</u>

Restricted investments in time certificates of deposit 178,706

Prepaid and other current assets 7,939

Total current assets 609,381

Noncurrent assets:

Capital assets, net 2,375,301

Total noncurrent assets 2,375,301

Total assets \$ 2,984,682

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Accounts payable:

Due to other funds	\$ 377,885
Current portion of long-term debt	30,493
Other	5,586
Total accounts payable	<u>413,964</u>

Accrued liabilities:

Compensated absences	12,070
Other	3,458
Total accrued liabilities	<u>15,528</u>

Security deposits 12,658

Total current liabilities 442,150

Noncurrent liabilities:

Long-term debt, net of current portion	1,555,104
Other liabilities	3,092

Total noncurrent liabilities 1,558,196

Total liabilities 2,000,346

Net assets:

Invested capital assets, net of related debt	789,704
Restricted	367,075
Unrestricted	(172,443)

Total Net Assets 984,336

Total Liabilities and Net Assets \$ 2,984,682

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

GUAM ELDERLY HOUSING PROJECT

CFDA NO. 14.157

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2005

Operating revenues:	
Tenant income	\$ 57,105
HUD PHA grants	376,272
Other income	<u>-</u>
Total operating revenues	<u>433,377</u>
Operating expenses:	
Administrative expense	96,135
Employee benefits	24,865
Utilities	89,732
Depreciation	60,641
Insurance	15,176
Repairs and maintenance	43,984
Miscellaneous	<u>56,873</u>
Total operating expenses	<u>387,406</u>
Operating income	<u>45,971</u>
Non-operating revenues (expenses):	
Interest income	7,592
Interest expense	<u>(96,086)</u>
Total non-operating revenues (expenses)	<u>(88,494)</u>
Change in net assets	(42,523)
Total net assets at beginning of year	<u>1,026,859</u>
Total net assets at end of year	<u>\$ 984,336</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

GUAM ELDERLY HOUSING PROJECT

CFDA NO. 14.157

Statement of Cash Flows

Year Ended September 30, 2005

Cash flows from operating activities:	
Receipts from customers	\$ 56,691
Payments to suppliers	(230,630)
Payments to employees	(96,135)
Other cash receipts (payments)	<u>346,227</u>
Net cash used in operating activities	<u>76,153</u>
Cash flows from investing activities:	
Repayment of notes payable, net of proceeds	(28,801)
Fixed asset purchases	(149,538)
Decrease in investments	80,341
Decrease in restricted assets	<u>939</u>
Net cash used in investing activities	<u>(97,059)</u>
Net increase in cash and cash equivalents	(20,906)
Cash and cash equivalents at beginning of year	<u>251,423</u>
Cash and cash equivalents at end of year	\$ <u><u>230,517</u></u>
Cash and cash equivalents consist of the following:	
Cash	\$ 28,201
Security deposits	13,947
Restricted cash, including time deposits	<u>188,369</u>
Total cash and cash equivalents at end of year	\$ <u><u>230,517</u></u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

GUAM ELDERLY HOUSING PROJECT

CFDA NO. 14.157

Statement of Cash Flows, Continued

Year Ended September 30, 2005

Reconciliation of operating loss to net cash used in

operating activities:

Net loss	\$	(42,523)
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Adjustments to reconcile net loss to net cash used in
operating activities:

Depreciation		60,641
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(Increase) decrease in assets:

Security deposits		(69)
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Accounts receivable:

HUD		-
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Due from other funds		785,075
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Tenants		(414)
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Accrued interest		-
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Other		(1)
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Prepaid and other assets		(7,138)
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Increase (decrease) in liabilities:

Accounts payable:

Due to other funds		(680,602)
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Other		17
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Accrued liabilities		(39,110)
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Security deposits		277
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Deferred credits		-
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Net cash used in operating activities	\$	<u><u>76,153</u></u>
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The accompanying notes are an integral part of these financial statements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplemental Data
September 30, 2005

Non-Major Enterprise Funds

Based on the criteria established by Governmental Accounting Standards Board's Statement No. 34, GHURA has reported the following non-major enterprise funds:

Sinajana Non-Title I – The program accounts for funding to construct additional lots for the government land deed to the Sinajana Urban Renewal project for qualified low-income families.

Government of Guam Astumbo – Public Law 14-138 created the Astumbo Subdivision Project. GHURA developed 503 lots for the low and moderate-income individuals or families.

Nauru Project – The project pertains to the sale of a portion of the Guma Trankilidat property to Pacific Star Hotel, which is now called the Guam Marriott Resort.

Government of Guam – The program accounts for the funding from local government to build various facilities and community projects.

Low Cost Housing / GHURA 500 – The Government of Guam transferred five parcels of land to GHURA to build 500 single family homes at an average cost of \$22,000 per home. Originally, the land was a leasehold for fifty-five years but subsequent legislation authorized the sale of the land for \$2,500 per lot.

Local Projects – The program accounts for funding of local projects from money that would have been otherwise paid to the local government in property taxes.

Revolving Fund – There is a general fund account that records funding received and payment of items chargeable to any or all projects/programs of GHURA.

Yona Rehabilitation Loan Escrow – The program accounts for money paid by recipients of rehab loans (fee charged as a percentage of loan award) for Yona residents to rehabilitate their homes during the Urban Renewal phase.

Sinajana/Asan Rehabilitation – The program accounts for funding for Sinajana and Asan residents to rehabilitate their homes during the Urban Renewal phase.

War in the Pacific – The program accounts for funding to construct individual lots in the Asan area.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplemental Data
September 30, 2005

Non-Major Enterprise Funds, continued

Sinajana Urban Renewal and Yona Urban Renewal Escrow – Both projects were a result of Typhoon Karen in 1962 and Typhoon Olive in 1963, which destroyed approximately 90% of the homes in Sinajana and Yona.

GHURA Rehabilitation – A rehab loan program started in 1999 to assist individuals or families and persons with disabilities who meet the income limits in order to bring their homes up to the standards of the building code. The loan is either a deferred or a repayment loan depending on the income.

Existing Operating Reserve – The program accounts for funding of various expenses for the Section 8 program.

Program Income Account-Asan – The program pertains to program income from the sale of lots in Asan.

Program Income Account-Sinajana – The program pertains to income from the sale of lots in the Sinajana Urban Renewal Project.

Down Payment & Closing Cost Assistance – The program is to assist eligible applicants with limited resources for the down payment and closing cost towards the purchase or construction of a primary owner occupied dwelling. The loans are interest free and the maximum loan amount is the lesser of \$18,000 or 18% of the purchase price.

Home Rehabilitation Loan – The program is made available to homeowners with limited financial resources to rehabilitate substandard conditions of their primary owner occupied residence. The maximum loan amount cannot exceed \$40,000.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds
Combined Statement of Net Assets
September 30, 2005

ASSETS	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Current assets:					
Cash					
Unrestricted	\$ 701,382	\$ 442,639	\$ 258,743	\$ -	\$ -
Restricted	97,536	-	97,536	-	-
Total cash	<u>798,918</u>	<u>442,639</u>	<u>356,279</u>	<u>-</u>	<u>-</u>
Accounts receivable:					
Due from other funds	5,860,509	675,608	4,630,993	7,062	546,846
Promissory notes	92	92	-	-	-
Other	22,604	140	15,425	-	7,039
Total accounts receivable	<u>5,883,205</u>	<u>675,840</u>	<u>4,646,418</u>	<u>7,062</u>	<u>553,885</u>
Investments	1,188,590	570,177	-	62,456	555,957
Prepaid and other assets	25	25	-	-	-
Other real estate	4,885,784	4,885,784	-	-	-
Total current assets	<u>12,756,522</u>	<u>6,574,465</u>	<u>5,002,697</u>	<u>69,518</u>	<u>1,109,842</u>
Noncurrent assets:					
Capital assets, net	407,084	3,143	60,315	-	343,626
Other assets	666,768	666,768	-	-	-
Total non-current assets	<u>1,073,852</u>	<u>669,911</u>	<u>60,315</u>	<u>-</u>	<u>343,626</u>
Total Assets	<u>\$ 13,830,374</u>	<u>\$ 7,244,376</u>	<u>\$ 5,063,012</u>	<u>\$ 69,518</u>	<u>\$ 1,453,468</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable:					
Due to other funds	\$ 2,963,123	\$ 37,597	\$ 1,720,828	\$ -	\$ 1,204,698
Vendors and contractors	25,597	25,597	-	-	-
Vouchers	85,876	-	85,876	-	-
Other	1,873,251	760,418	1,081,854	-	30,979
Accrued liabilities	-	-	-	-	-
Deferred credits	712,039	712,039	-	-	-
Total Liabilities	<u>5,659,886</u>	<u>1,535,651</u>	<u>2,888,558</u>	<u>-</u>	<u>1,235,677</u>
Net Assets:					
Invested capital assets, net of related debt	5,292,868	4,888,927	60,315	-	343,626
Restricted	25,000	-	25,000	-	-
Unrestricted	2,852,620	819,798	2,089,139	69,518	(125,835)
Total Net Assets	<u>8,170,488</u>	<u>5,708,725</u>	<u>2,174,454</u>	<u>69,518</u>	<u>217,791</u>
Total Liabilities and Net Assets	<u>\$ 13,830,374</u>	<u>\$ 7,244,376</u>	<u>\$ 5,063,012</u>	<u>\$ 69,518</u>	<u>\$ 1,453,468</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds
Combined Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Local Funds</u>	<u>Revolving Funds</u>	<u>Trust Funds</u>	<u>Other Funds</u>
Operating revenues:					
Property Sales	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -
Other	<u>74,385</u>	<u>53,792</u>	<u>669</u>	<u>-</u>	<u>19,924</u>
Total operating revenues	<u>81,885</u>	<u>61,292</u>	<u>669</u>	<u>-</u>	<u>19,924</u>
Operating expenses:					
Administrative salaries	173,174	23,664	15,671	-	133,839
Employee benefits	17,371	5,967	-	-	11,404
Depreciation	13,565	-	7,487	-	6,078
Other	<u>396,244</u>	<u>328,086</u>	<u>29,693</u>	<u>-</u>	<u>38,465</u>
Total operating expenses	<u>600,354</u>	<u>357,717</u>	<u>52,851</u>	<u>-</u>	<u>189,786</u>
Operating income (loss)	<u>(518,469)</u>	<u>(296,425)</u>	<u>(52,182)</u>	<u>-</u>	<u>(169,862)</u>
Non-operating revenues (expenses):					
Investment income	<u>18,787</u>	<u>17,366</u>	<u>-</u>	<u>1,373</u>	<u>48</u>
Total non-operating revenues (expenses)	<u>18,787</u>	<u>17,366</u>	<u>-</u>	<u>1,373</u>	<u>48</u>
Income (loss) before adjustments and transfers	(499,682)	(279,059)	(52,182)	1,373	(169,814)
Adjustments and transfers	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Change in net assets	(499,683)	(279,059)	(52,183)	1,373	(169,814)
Total net assets at beginning of year	<u>8,670,171</u>	<u>5,987,784</u>	<u>2,226,637</u>	<u>68,145</u>	<u>387,605</u>
Total net assets at end of year	<u>\$ 8,170,488</u>	<u>\$ 5,708,725</u>	<u>\$ 2,174,454</u>	<u>\$ 69,518</u>	<u>\$ 217,791</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds
Combined Statement of Cash Flows
Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Local Funds</u>	<u>Revolving Funds</u>	<u>Trust Funds</u>	<u>Other Funds</u>
Cash flows from operating activities:					
Receipts from customers	\$ 201,976	\$ 35,050	\$ 145,581	\$ 1,373	\$ 19,972
Payments to suppliers	(315,427)	(2,055)	(274,908)	-	(38,464)
Payments to employees	(224,131)	(29,601)	(49,287)	-	(145,243)
Other cash receipts (payments)	<u>133,496</u>	<u>10,766</u>	<u>(230,852)</u>	<u>-</u>	<u>353,582</u>
 Net cash provided by operating activities	 <u>(204,086)</u>	 <u>14,160</u>	 <u>(409,466)</u>	 <u>1,373</u>	 <u>189,847</u>
 Cash flows from investing activities:					
Fixed asset purchases	(177,628)	-	-	-	(177,628)
Increase in investments	<u>108,261</u>	<u>(12,532)</u>	<u>134,385</u>	<u>(1,373)</u>	<u>(12,219)</u>
 Net cash provided by (used in) investing activities	 <u>(69,367)</u>	 <u>(12,532)</u>	 <u>134,385</u>	 <u>(1,373)</u>	 <u>(189,847)</u>
 Net increase in cash and cash equivalents	 (273,453)	 1,628	 (275,081)	 -	 -
 Cash and cash equivalents at beginning of year	 <u>1,072,371</u>	 <u>441,011</u>	 <u>631,360</u>	 <u>-</u>	 <u>-</u>
 Cash and cash equivalents at end of year	 <u>\$ 798,918</u>	 <u>\$ 442,639</u>	 <u>\$ 356,279</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

Combined Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Local Funds</u>	<u>Revolving Funds</u>	<u>Trust Funds</u>	<u>Other Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Net income (loss)	\$ (499,682)	\$ (279,059)	\$ (52,182)	\$ 1,373	\$ (169,814)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation	13,565	-	7,487	-	6,078
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	20,899,567	516,780	20,305,207	-	77,580
Promissory notes	(615,053)	(615,053)	-	-	-
Others	884,408	884,522	(110)	-	(4)
Other assets	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable:					
Due to other funds	(21,126,018)	(550,226)	(20,871,344)	-	295,552
Vendors and contractors	-	-	-	-	-
Vouchers	(51,411)	-	(51,411)	-	-
Compensated absences	-	-	-	-	-
Deferred revenue	59,824	59,824	-	-	-
Other	230,715	(2,627)	252,887	-	(19,545)
Net cash provided by operating activities	<u>\$ (204,085)</u>	<u>\$ 14,161</u>	<u>\$ (409,466)</u>	<u>\$ 1,373</u>	<u>\$ 189,847</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

LOCAL FUNDS
Combining Statement of Net Assets
September 30, 2005

ASSETS	TOTAL	Sinajana Non-Title 1	Gov Guam Astumbo	Nauru Project	GovGuam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
Current assets:								
Cash	\$ 442,639	\$ -	\$ -	\$ -	\$ -	\$ 406,549	\$ 31,987	\$ 4,103
Accounts receivable:								
Due from other funds	675,608	1,666	601,149	4,835	43,727	-	24,231	-
Promissory notes, current portion	92	-	-	-	-	-	92	-
Other	140	-	-	-	-	140	-	-
Total accounts receivable	<u>675,840</u>	<u>1,666</u>	<u>601,149</u>	<u>4,835</u>	<u>43,727</u>	<u>140</u>	<u>24,323</u>	<u>-</u>
Investments	570,177	-	-	-	-	570,177	-	-
Prepaid and other assets	25	-	-	-	-	-	-	25
Land held for sale	<u>4,885,784</u>	<u>-</u>	<u>484,853</u>	<u>-</u>	<u>-</u>	<u>4,400,931</u>	<u>-</u>	<u>-</u>
Total current assets	<u>6,574,465</u>	<u>1,666</u>	<u>1,086,002</u>	<u>4,835</u>	<u>43,727</u>	<u>5,377,797</u>	<u>56,310</u>	<u>4,128</u>
Noncurrent assets:								
Capital assets	3,159	-	1,774	-	-	1,385	-	-
Accumulated depreciation	<u>(16)</u>	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>3,143</u>	<u>-</u>	<u>1,758</u>	<u>-</u>	<u>-</u>	<u>1,385</u>	<u>-</u>	<u>-</u>
Promissory notes, noncurrent	<u>666,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,041</u>	<u>67,727</u>
Total non-current assets	<u>669,911</u>	<u>-</u>	<u>1,758</u>	<u>-</u>	<u>-</u>	<u>1,385</u>	<u>599,041</u>	<u>67,727</u>
Total Assets	<u>\$ 7,244,376</u>	<u>\$ 1,666</u>	<u>\$ 1,087,760</u>	<u>\$ 4,835</u>	<u>\$ 43,727</u>	<u>\$ 5,379,182</u>	<u>\$ 655,351</u>	<u>\$ 71,855</u>
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable:								
Due to other funds	\$ 37,597	\$ -	\$ 1,116	\$ -	\$ -	\$ 40,650	\$ (4,575)	\$ 406
Vendors and contractors	25,597	-	-	-	-	25,597	-	-
Other	760,418	-	-	-	-	760,418	-	-
Accrued liabilities	-	-	-	-	-	-	-	-
Deferred revenue	<u>712,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,488</u>	<u>71,551</u>
Total Liabilities	<u>1,535,651</u>	<u>-</u>	<u>1,116</u>	<u>-</u>	<u>-</u>	<u>826,665</u>	<u>635,913</u>	<u>71,957</u>
Net Assets:								
Invested capital assets, net of related debt	4,888,927	-	486,611	-	-	4,402,316	-	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	<u>819,798</u>	<u>1,666</u>	<u>600,033</u>	<u>4,835</u>	<u>43,727</u>	<u>150,201</u>	<u>19,438</u>	<u>(102)</u>
Total Net Assets	<u>5,708,725</u>	<u>1,666</u>	<u>1,086,644</u>	<u>4,835</u>	<u>43,727</u>	<u>4,552,517</u>	<u>19,438</u>	<u>(102)</u>
Total Liabilities and Net Assets	<u>\$ 7,244,376</u>	<u>\$ 1,666</u>	<u>\$ 1,087,760</u>	<u>\$ 4,835</u>	<u>\$ 43,727</u>	<u>\$ 5,379,182</u>	<u>\$ 655,351</u>	<u>\$ 71,855</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

LOCAL FUNDS
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

	TOTAL	Sinajana Non-Title 1	Gov Guam Astumbo	Nauru Project	GovGuam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
Operating revenues:								
Property Sales	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ -
Other	53,792	-	200	-	-	-	53,253	339
Total operating revenues	61,292	-	200	-	-	7,500	53,253	339
Operating expenses:								
Administrative salaries	23,664	-	1,560	-	-	1,663	20,441	-
Employee benefits	5,967	-	414	-	-	448	5,105	-
Other	328,086	-	211,482	-	-	107,894	8,269	441
Total operating expenses	357,717	-	213,456	-	-	110,005	33,815	441
Operating income (loss)	(296,425)	-	(213,256)	-	-	(102,505)	19,438	(102)
Non-operating revenues (expenses):								
Investment income	17,366	-	3,829	-	-	13,537	-	-
Total non-operating income (expenses)	17,366	-	3,829	-	-	13,537	-	-
Income (loss) before adjustments and transfers	(279,059)	-	(209,427)	-	-	(88,968)	19,438	(102)
Adjustments and transfers	-	-	-	-	-	-	-	-
Change in net assets	(279,059)	-	(209,427)	-	-	(88,968)	19,438	(102)
Total net assets at beginning of year	5,987,784	1,666	1,296,071	4,835	43,727	4,641,485	-	-
Total net assets at end of year	\$ 5,708,725	\$ 1,666	\$ 1,086,644	\$ 4,835	\$ 43,727	\$ 4,552,517	\$ 19,438	\$ (102)

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

LOCAL FUNDS

Combining Statement of Cash Flows

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Sinajana Non-Title 1</u>	<u>Gov Guam Astumbo</u>	<u>Nauru Project</u>	<u>GovGuam</u>	<u>Low Cost Housing</u>	<u>Down Payment Closing Cost</u>	<u>Home Rehabilitation</u>
Cash flows from operating activities:								
Receipts from customers	\$ 35,050	\$ -	\$ 200	\$ -	\$ -	\$ 7,500	\$ 24,303	\$ 3,047
Payments to suppliers	(2,055)	-	(2,055)	-	-	-	-	-
Payments to employees	(29,601)	-	(1,974)	-	-	(2,111)	(25,516)	-
Other cash receipts (payments)	10,766	-	3,829	-	-	15,647	(8,269)	(441)
	<u>14,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,036</u>	<u>(9,482)</u>	<u>2,606</u>
Net cash provided by operating activities								
	14,160	-	-	-	-	21,036	(9,482)	2,606
Cash flows from investing activities:								
Fixed asset purchases	-	-	-	-	-	-	-	-
Decrease (increase) in investments	(12,532)	-	-	-	-	(12,532)	-	-
	<u>(12,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,532)</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities								
	(12,532)	-	-	-	-	(12,532)	-	-
Net increase (decrease) in cash and cash equivalents	1,628	-	-	-	-	8,504	(9,482)	2,606
Cash and cash equivalents at beginning of year	441,011	-	-	-	-	398,045	41,469	1,497
Cash and cash equivalents at end of year	<u>\$ 442,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,549</u>	<u>\$ 31,987</u>	<u>\$ 4,103</u>

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

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GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

LOCAL FUNDS

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Sinajana Non-Title 1</u>	<u>Gov Guam Astumbo</u>	<u>Nauru Project</u>	<u>GovGuam</u>	<u>Low Cost Housing</u>	<u>Down Payment Closing Cost</u>	<u>Home Rehabilitation</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Net income (loss)	\$ (279,059)	\$ -	\$ (209,427)	\$ -	\$ -	\$ (88,968)	\$ 19,438	\$ (102)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	-	-	-	-	-	-	-	-
(Increase) decrease in assets:								
Accounts receivable:								
Due from other funds	516,780	-	500,905	-	-	44,681	(28,806)	
Promissory notes	(615,053)	-	51,790	-	-	-	(599,026)	(67,817)
Other	884,522	-	161,617	-	-	103,959	589,037	29,909
Other assets	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:								
Accounts payable:								
Due to other funds	(550,226)	-	(502,257)	-	-	(38,636)	(9,714)	381
Vendors and contractors	-	-	-	-	-	-	-	-
Deferred revenue	59,824	-	-	-	-	-	19,589	40,235
Other	(2,627)	-	(2,627)	-	-	-	-	-
Net cash provided by operating activities	<u>\$ 14,161</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,036</u>	<u>\$ (9,482)</u>	<u>\$ 2,606</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

REVOLVING FUNDS
Combining Statement of Net Assets
September 30, 2005

ASSETS	Total	Local Revolving Fund	Revolving Fund
Current Assets:			
Cash:			
Unrestricted	\$ 258,743	\$ 155,371	\$ 103,372
Restricted	97,536	-	97,536
Total cash	<u>356,279</u>	<u>155,371</u>	<u>200,908</u>
Accounts Receivable:			
Due from other funds	4,630,993	-	4,630,993
Other	15,425	481	14,944
Total accounts receivable	<u>4,646,418</u>	<u>481</u>	<u>4,645,937</u>
Investments	-	-	-
Total current assets	<u>5,002,697</u>	<u>155,852</u>	<u>4,846,845</u>
Noncurrent Assets:			
Capital assets, net	<u>60,315</u>	<u>60,315</u>	-
Total non-current assets	<u>60,315</u>	<u>60,315</u>	-
Total Assets	<u>\$ 5,063,012</u>	<u>\$ 216,167</u>	<u>\$ 4,846,845</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable:			
Due to other funds	\$ 1,720,828	\$ 218,652	\$ 1,502,176
Vouchers	85,876	-	85,876
Other	1,081,854	-	1,081,854
Total Liabilities	<u>2,888,558</u>	<u>218,652</u>	<u>2,669,906</u>
Net Assets:			
Invested in capital assets, net of related debt	60,315	60,315	-
Restricted	25,000	-	25,000
Unrestricted	2,089,139	(62,800)	2,151,939
Total Net Assets	<u>2,174,454</u>	<u>(2,485)</u>	<u>2,176,939</u>
Total Liabilities and Net Assets	<u>\$ 5,063,012</u>	<u>\$ 216,167</u>	<u>\$ 4,846,845</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

REVOLVING FUNDS

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended September 30, 2005

	Total	Local Revolving Fund	Revolving Fund
Operating revenues:			
Other	\$ 669	\$ 469	\$ 200
Total operating revenues	669	469	200
Operating Expenses:			
Administrative	15,671	15,671	-
Depreciation	7,487	7,487	-
Sundry	29,693	29,693	-
Total operating expenses	52,851	52,851	-
Operating income (loss)	(52,182)	(52,382)	200
Non-operating revenues (expenses):			
Investment income	-	-	-
Total non-operating revenues (expenses)	-	-	-
Income (loss) before capital contributions and transfers	(52,182)	(52,382)	200
Adjustments and transfers	(1)	(1)	-
Change in net assets	(52,183)	(52,383)	200
Total net assets at beginning of year	2,226,637	49,898	2,176,739
Total net assets at end of year	\$ 2,174,454	\$ (2,485)	\$ 2,176,939

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

REVOLVING FUNDS

Combining Statement of Cash Flows

Year Ended September 30, 2005

	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Cash flows from operating activities:			
Receipts from customers	\$ 145,581	\$ 118,358	\$ 27,223
Payments to suppliers	(274,908)	(42,723)	(232,185)
Payments to employees	(49,287)	(22,415)	(26,872)
Other cash receipts (payments)	<u>(230,852)</u>	<u>(98,709)</u>	<u>(132,143)</u>
 Net cash provided by (used in) operating activities	 <u>(409,466)</u>	 <u>(45,489)</u>	 <u>(363,977)</u>
Cash flows from investing activities:			
Fixed asset purchases	-	-	-
Increase in investments	<u>134,385</u>	<u>-</u>	<u>134,385</u>
 Net cash provided by (used in) investing activities	 <u>134,385</u>	 <u>-</u>	 <u>134,385</u>
 Net increase (decrease) in cash and cash equivalents	 (275,081)	 (45,489)	 (229,592)
 Cash and cash equivalents at beginning of year	 <u>631,360</u>	 <u>200,860</u>	 <u>430,500</u>
 Cash and cash equivalents at end of year	 <u><u>\$ 356,279</u></u>	 <u><u>\$ 155,371</u></u>	 <u><u>\$ 200,908</u></u>
 Cash, including time deposits	 \$ 258,743	 \$ 155,371	 \$ 103,372
Restricted cash, including time deposits	<u>97,536</u>	<u>-</u>	<u>97,536</u>
 Total cash and cash equivalents at end of year	 <u><u>\$ 356,279</u></u>	 <u><u>\$ 155,371</u></u>	 <u><u>\$ 200,908</u></u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

REVOLVING FUNDS

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Net income	\$ (52,182)	\$ (52,382)	\$ 200
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	7,487	7,487	-
(Increase) decrease in assets:			
Accounts receivable:			
Due from other funds	20,305,207	122,025	20,183,182
Other	(110)	-	(110)
Other assets	-	-	-
Increase (decrease) in liabilities:			
Accounts payable:			
Due to other funds	(20,871,344)	(120,280)	(20,751,064)
Vouchers	(51,411)	-	(51,411)
Compensated absences	-	-	-
Other	<u>252,887</u>	<u>(2,339)</u>	<u>255,226</u>
Net cash provided by (used in) operating activities	\$ <u>(409,466)</u>	\$ <u>(45,489)</u>	\$ <u>(363,977)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

TRUST FUNDS

Combining Statement of Net Assets

September 30, 2005

Assets	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Accounts receivable:				
Due from other funds	\$ 7,062	\$ 900	\$ 3,197	\$ 2,965
Investments	62,456	-	62,456	-
 Total assets	 \$ 69,518	 \$ 900	 \$ 65,653	 \$ 2,965
 Liabilities and Net Assets				
Liabilities	\$ -	\$ -	\$ -	\$ -
 Total liabilities	 -	 -	 -	 -
Net Assets:				
Invested capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	69,518	900	65,653	2,965
 Total net assets	 69,518	 900	 65,653	 2,965
 Total liabilities and net assets	 \$ 69,518	 \$ 900	 \$ 65,653	 \$ 2,965

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

TRUST FUNDS
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2005

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Revenues:				
Property sales	\$ -	\$ -	\$ -	\$ -
Investment income	1,373	-	1,373	-
Other	-	-	-	-
Total revenues	1,373	-	1,373	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Change in net assets	1,373	-	1,373	-
Net assets at beginning of year	68,145	900	64,280	2,965
Net assets at end of year	<u>\$ 69,518</u>	<u>\$ 900</u>	<u>\$ 65,653</u>	<u>\$ 2,965</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

TRUST FUNDS

Combining Statement of Cash Flows

Year Ended September 30, 2005

	<u>Total</u>	<u>Yona Rehab. Loan Escrow</u>	<u>Sinajana Rehabilitation Escrow</u>	<u>War in the Pacific</u>
Cash flows from operating activities:				
Receipts from customers	<u>\$ 1,373</u>	<u>\$ -</u>	<u>\$ 1,373</u>	<u>\$ -</u>
Net cash provided by operating activities	<u>1,373</u>	<u>-</u>	<u>1,373</u>	<u>-</u>
Cash flows from investing activities:				
Increase in investments	<u>(1,373)</u>	<u>-</u>	<u>(1,373)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,373)</u>	<u>-</u>	<u>(1,373)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

TRUST FUNDS

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>Total</u>	<u>Yona Rehab. Loan Escrow</u>	<u>Sinajana Rehabilitation Escrow</u>	<u>War in the Pacific</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Net income (loss)	\$ 1,373	\$ -	\$ 1,373	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:	-	-	-	-
(Increase) decrease in assets:	-	-	-	-
Increase (decrease) in liabilities:	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by operating activities	<u>\$ 1,373</u>	<u>\$ -</u>	<u>\$ 1,373</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

OTHER FUNDS

Combining Statement of Net Assets

September 30, 2005

ASSETS	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Current assets:							
Accounts receivable:							
Due from other funds	\$ 546,846	\$ -	\$ 2,161	\$ -	\$ 439,280	\$ 105,405	\$ -
Other	7,039	361	3,238	3,440	-	-	-
	<u>553,885</u>	<u>361</u>	<u>5,399</u>	<u>3,440</u>	<u>439,280</u>	<u>105,405</u>	<u>-</u>
Investments	<u>555,957</u>	<u>555,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,109,842</u>	<u>556,318</u>	<u>5,399</u>	<u>3,440</u>	<u>439,280</u>	<u>105,405</u>	<u>-</u>
Noncurrent assets:							
Capital assets, net	<u>343,626</u>	<u>-</u>	<u>39,574</u>	<u>-</u>	<u>204,170</u>	<u>99,882</u>	<u>-</u>
Total non-current assets	<u>343,626</u>	<u>-</u>	<u>39,574</u>	<u>-</u>	<u>204,170</u>	<u>99,882</u>	<u>-</u>
Total Assets	<u>\$ 1,453,468</u>	<u>\$ 556,318</u>	<u>\$ 44,973</u>	<u>\$ 3,440</u>	<u>\$ 643,450</u>	<u>\$ 205,287</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable:							
Due to other funds	\$ 1,204,698	\$ 29,082	\$ -	\$ 95	\$ 929,457	\$ 117,817	\$ 128,247
Other	30,979	-	-	-	-	116	30,863
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,235,677</u>	<u>29,082</u>	<u>-</u>	<u>95</u>	<u>929,457</u>	<u>117,933</u>	<u>159,110</u>
Net Assets:							
Invested capital assets, net of related debt	343,626	-	39,574	-	204,170	99,882	-
Restricted	-	-	-	-	-	-	-
Unrestricted	<u>(125,835)</u>	<u>527,236</u>	<u>5,399</u>	<u>3,345</u>	<u>(490,177)</u>	<u>(12,528)</u>	<u>(159,110)</u>
Total Net Assets	<u>217,791</u>	<u>527,236</u>	<u>44,973</u>	<u>3,345</u>	<u>(286,007)</u>	<u>87,354</u>	<u>(159,110)</u>
Total Liabilities and Net Assets	<u>\$ 1,453,468</u>	<u>\$ 556,318</u>	<u>\$ 44,973</u>	<u>\$ 3,440</u>	<u>\$ 643,450</u>	<u>\$ 205,287</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

OTHER FUNDS

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Yona Urban Renewal</u>	<u>Sinajana Urban Renewal</u>	<u>GHURA Rehabilitation</u>	<u>Existing Operating Reserve</u>	<u>Program Income Account Asan</u>	<u>Program Income Account Sinajana</u>
Operating revenues:							
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	19,924	12,220	-	-	310	7,394	-
Total operating revenues	<u>19,924</u>	<u>12,220</u>	<u>-</u>	<u>-</u>	<u>310</u>	<u>7,394</u>	<u>-</u>
Operating expenses:							
Administrative salaries	133,839	439	1,691	-	128,779	2,930	-
Employee benefits	11,404	117	447	-	10,075	765	-
Depreciation	6,078	-	-	-	6,078	-	-
Other	38,465	-	1,453	-	35,812	1,200	-
Total operating expenses	<u>189,786</u>	<u>556</u>	<u>3,591</u>	<u>-</u>	<u>180,744</u>	<u>4,895</u>	<u>-</u>
Operating income (loss)	<u>(169,862)</u>	<u>11,664</u>	<u>(3,591)</u>	<u>-</u>	<u>(180,434)</u>	<u>2,499</u>	<u>-</u>
Non-operating revenues (expenses):							
Investment income	48	-	48	-	-	-	-
Total non-operating revenues (expenses)	<u>48</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(169,814)</u>	<u>11,664</u>	<u>(3,543)</u>	<u>-</u>	<u>(180,434)</u>	<u>2,499</u>	<u>-</u>
Adjustments and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(169,814)</u>	<u>11,664</u>	<u>(3,543)</u>	<u>-</u>	<u>(180,434)</u>	<u>2,499</u>	<u>-</u>
Total net assets at beginning of year	<u>387,605</u>	<u>515,572</u>	<u>48,516</u>	<u>3,345</u>	<u>(105,573)</u>	<u>84,855</u>	<u>(159,110)</u>
Total net assets at end of year	<u>\$ 217,791</u>	<u>\$ 527,236</u>	<u>\$ 44,973</u>	<u>\$ 3,345</u>	<u>\$ (286,007)</u>	<u>\$ 87,354</u>	<u>\$ (159,110)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

OTHER FUNDS

Combining Statement of Cash Flows

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Yona Urban Renewal</u>	<u>Sinajana Urban Renewal</u>	<u>GHURA Rehabilitation</u>	<u>Existing Operating Reserve</u>	<u>Program Income Account Asan</u>	<u>Program Income Account Sinajana</u>
Cash flows from operating activities:							
Receipts from customers	\$ 19,972	\$ 12,220	\$ 48	\$ -	\$ 310	\$ 7,394	\$ -
Payments to suppliers	(38,464)	-	(1,453)	-	(35,811)	(1,200)	-
Payments to employees	(145,243)	(556)	(2,138)	-	(138,854)	(3,695)	-
Other cash receipts (payments)	353,582	555	19,293	-	336,233	(2,499)	-
	<u>189,847</u>	<u>12,219</u>	<u>15,750</u>	<u>-</u>	<u>161,878</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities							
	<u>189,847</u>	<u>12,219</u>	<u>15,750</u>	<u>-</u>	<u>161,878</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:							
Fixed asset purchases	(177,628)	-	(15,750)	-	(161,878)	-	-
Increase in investments	(12,219)	(12,219)	-	-	-	-	-
	<u>(189,847)</u>	<u>(12,219)</u>	<u>(15,750)</u>	<u>-</u>	<u>(161,878)</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities							
	<u>(189,847)</u>	<u>(12,219)</u>	<u>(15,750)</u>	<u>-</u>	<u>(161,878)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

OTHER FUNDS

Combining Statement of Cash Flows, Continued

Year Ended September 30, 2005

	<u>TOTAL</u>	<u>Yona Urban Renewal</u>	<u>Sinajana Urban Renewal</u>	<u>GHURA Rehabilitation</u>	<u>Existing Operating Reserve</u>	<u>Program Income Account Asan</u>	<u>Program Income Account Sinajana</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Net income (loss)	\$ (169,814)	\$ 11,664	\$ (3,543)	\$ -	\$ (180,434)	\$ 2,499	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation	6,078	-	-	-	6,078	-	-
(Increase) decrease in assets:							
Due from other funds	77,580	7,479	67,681	-	1	2,419	-
Others	(4)	-	(4)	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable:							
Due to other funds	295,552	(6,900)	(29,134)	-	336,233	(4,647)	-
Others	(19,545)	(24)	(19,250)	-	-	(271)	-
Net cash provided by operating activities	<u>\$ 189,847</u>	<u>\$ 12,219</u>	<u>\$ 15,750</u>	<u>\$ -</u>	<u>\$ 161,878</u>	<u>\$ -</u>	<u>\$ -</u>

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

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

SINGLE AUDIT AND HUD REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

To the Board of Commissioners
Guam Housing and Urban Renewal Authority:

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2005 and have issued my report thereon dated June 5, 2006. I conducted my 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 the audit, I considered GHURA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect GHURA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as findings 05-01 through 05-23.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider items 05-14, and 05-17 through 05-19 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHURA's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs (pages 108 through 157) as items 05-01 to 05-23. I also noted certain immaterial instances of noncompliance that I have reported to management of GHURA, which are included in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record.

J. Scott Magliini & Company

Hagåtña, Guam

June 5, 2006

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR PROGRAM
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Commissioners
Guam Housing and Urban Renewal Authority:

Compliance

I have audited the compliance of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. GHURA's major federal programs are identified in the summary of auditor's results section on page 108 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 GHURA's management. My responsibility is to express an opinion on GHURA's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 GHURA's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of GHURA's compliance with those requirements.

As described in items 05-01 through 05-23 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with requirements regarding eligibility/special tests, provisions and special reporting and the Davis-Bacon Act that are applicable to its major programs described in the Federal Award Findings and Questioned Cost Section of the accompanying Schedule of Findings and Questions (page 109). Compliance with such requirements is necessary, in my opinion, for GHURA to comply with requirements applicable to those programs.

In my opinion, except for the noncompliance described in the preceding paragraph, GHURA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005. The results of my auditing procedures also disclosed other immaterial instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of GHURA 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 my audit, I considered GHURA's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine my auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect GHURA's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-01 through 05-13, 05-15, 05-16, 05-20 through 05-22.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited which may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 05-04, 05-05, 05-08 through 05-11, 05-13, and 05-15 to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of the Guam Housing and Urban Renewal Authority as of and for the year ended September 30, 2005, and have issued my report thereon dated June 5, 2006. My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 105 is presented for additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management the Guam Housing and Urban Renewal Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record.

J. Scott Magliari & Company
Hagåtña, Guam
June 5, 2006

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards For Year Ended September 30, 2005

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2005 Fiscal Year Expenditures</u>
<u>U. S. Department of Housing and Urban Development</u>		
14.157	Supportive Housing for the Elderly	\$ 376,272
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,450,790
14.231	Emergency Shelter Grant	135,216
14.235	Supportive Housing Program	271,131
14.238	Shelter Plus Care Program	74,542
14.239	HOME Investment Partnership	1,761,146
14.850a	Low Rent Public Housing	3,600,472
14.854	Public and Indian Housing Drug Elimination Program	-
14.859	Public Housing Comprehensive Grant Program	-
14.863	Economic Development and Supportive Services Program	-
14.870	Resident Opportunity and Supportive Services	91,481
14.871	Section 8 Housing Choice Voucher Program	28,637,354
14.872	Public Housing Capital Fund Program	<u>937,774</u>
	Total Expenditures of Federal Awards	<u>\$ 38,336,178</u>
	Percentage of Federal Awards Tested	<u>98%</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of GHURA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and 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 basic financial statements.

Note 2. Major Programs

The following programs were classified as major programs and, accordingly, were subjected to applicable audit procedures as required by OMB Circular A-133.

14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	\$ 2,450,790
14.239	HOME Investment Partnership	1,761,146
14.850a	Low Rent Public Housing	3,600,472
14.871	Section 8 Housing Choice Voucher Program	28,637,354
14.872	Public Housing Capital Fund Program	<u>937,774</u>
	Total Expenditures of Federal Awards Tested	<u>\$ 37,387,536</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2005

Note 3. Subrecipients

The Guam Housing and Urban Renewal Authority administers certain programs through subrecipient organizations. Those subrecipients are also not considered part of the Guam Housing and Urban Renewal Authority reporting entity. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how subrecipient outside of GHURA's control utilized those funds. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, GHURA provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.225	\$ 433,888
Supportive Housing	14.239	229,728
Emergency Shelter Grant	14.231	138,059
Shelter Plus Care	14.228	<u>85,941</u>
Total		<u>\$ 887,616</u>

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO AFFIRMATIVE FAIR HOUSING
AND NON-DISCRIMINATION**

To the Board of Commissioners
Guam Housing and Urban Renewal Authority:

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2005 and have issued my report thereon dated June 5, 2006.

I have applied procedures to test GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements applicable to its HUD assisted programs, for the year ended September 30, 2005.

My procedures were limited to the applicable compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. My procedures were substantially less in scope than an audit, the objective of which would be the expression of an opinion on GHURA's compliance with the Affirmative Fair Housing and Non-Discrimination requirements. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance with the Affirmative Fair Housing and Non-Discrimination requirements.

This report is intended for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Auditor of Guam, federal awarding agencies pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record.

J. Scott Magliari & Company

Hagåtña, Guam

June 5, 2006

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2005

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

I have audited the basic financial statements of GHURA and issued an unqualified opinion.

Internal control over financial reporting:

- Material weaknesses were identified? ☒ yes ☐ no
- Reportable conditions identified that are not considered to be material weaknesses? ☒ yes ☐ no
- Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over financial reporting:

- Material weaknesses were identified? ☒ yes ☐ no
- Reportable conditions identified that are not considered to be material weaknesses? ☒ yes ☐ no

The auditor's report on major program compliance for GHURA having six major programs included an unqualified opinion for the Community Development Block Grants and expresses a qualified opinion on the Section Housing Choice Voucher Program, Capital Funds Project and the Low Income Housing Assistance Programs based on identified reportable conditions, which, in my opinion, are not considered to be material weaknesses.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

☒ yes ☐ no

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

Identification of major programs:

<u>CFDA#</u>	<u>PROGRAM</u>
14.225	Community Development Block Grants/Special Purpose Grants Insular Areas
14.239	HOME Investment Partnership
14.850	Low Income Housing Assistance Program
14.872	Capital Fund
14.871	Section 8 Housing Choice Voucher Program
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditee qualified as low-risk audit? _____ yes x no

PART II - FINANCIAL STATEMENT FINDINGS

There were instances of noncompliance noted that should be reported in accordance with Government Auditing Standards, which are presented in the following pages as item 05-01 through 05-23.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
05-14	LIPH, MIS, & Fiscal—Automated Clearing House (ACH) Policy	\$ -
05-17	Financial Management Systems - Upgrade	-
05-18	Information Systems Integration	-
05-19	Accounting Software System	-
05-23	Accounting Department – State/Local Programs	-
	Total Questioned Costs	<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were instances of noncompliance noted that should be reported in accordance with Section 510(a) of OMB Circular A-133, which are presented in the following pages as item 05-01 through 05-22.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
05-01	Low Income Public Housing—Missing/Incomplete Documentation	\$ -
05-02	Low Income Public Housing—No Documentation For Recertification Period	-
05-03	Low Income Public Housing—Family Report (form HUD-50058) vs. Third-Party Verification	-
05-04	Low Income Public Housing—Miscalculation of Tenant's Annual Income Based on Third-Party Verification	-
05-05	Low Income Public Housing—Miscalculation of Tenant's Annual Income Based on Earned Income Disregard (EID) Policy	-
05-06	Low Income Public Housing—Occupancy Standards	-
05-07	Low Income Public Housing—Late Recertifications/ Lease Periods Over One (1) Year	-
05-08	Section 8 Voucher—Missing Documentation	-
05-09	Section 8 Voucher—Family Report (form HUD-50058) vs. Third-Party Verification	-
05-10	Section 8 Voucher – Miscalculation of Tenant Annual Income Based on Third-Party Verification	-
05-11	Section 8 Voucher—Different Payment Standards/ Overpayment of HAPs	6,936
05-12	Section 8 Voucher—No Updated Utility Allowance Schedule	-
05-13	Family Self Sufficiency—Miscalculation of Cumulative FSS Escrow Balance	-
05-15	Davis-Bacon- Wage Compliance	-
05-16	Conflict of Interest	-
05-20	Travel Policy	-
05-21	Travel—No Documentation of Travel Disbursement/ Variance of Travel Disbursement	5,673
05-22	Reporting - HUD Community Planning & Development Grants	-
Total Questioned Costs		<u>\$ 12,609</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-01

Program: Low Income Public Housing—Missing/Incomplete Documentation

CFDA No. 14.850

Criteria:

In accordance with 24 CFR Sections 5.212, 5.230, and 5.601 through 5.615, the Authority must complete the following forms during interview with the tenant: (a) certification that the information provided to the Authority is correct; (b) one or more release forms to allow the Authority to obtain information from third parties; (c) a federally-prescribed general release form for employment information; and (d) a privacy notice. Additionally, the Authority must obtain the necessary information and documentation to verify income eligibility as a condition of admission or continued occupancy.

Condition:

For five or 13% of the forty (40) tenant files tested, I noted that the tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

<u>Tenant</u>	<u>Document not signed</u>	<u>Document not on file</u>
1. Unit #8JTQ		- birth certificate for dependent
2. Unit #A07	- Lease Amendment	
3. Unit #120BPUIT	- Family Report (HUD 50058)	
4. Unit #46KAL	- Dwelling Lease Agreement	
5. Unit #119SD	- Dwelling Lease Agreement	

Cause:

It appears that the Low Income Public Housing personnel did not adhere to the internal control procedures in ensuring that all the required documents are complete and accurate at the time of the recertification process.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-01 (continued)

Program: Low Income Public Housing—Missing/Incomplete Documentation

CFDA No. 14.850

Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Admission & Continued Occupancy Policies for Low Income Public Housing program.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. There is a File Document Review and Checklist that is in the tenant's folder must be completed to ensure that all the necessary documents are on file and properly completed. Supervisors and management must examine files to ensure completeness and accuracy.

Auditee Response/Corrective Action Plan:

We agree with this finding. Since this audit finding, documents in question have been reviewed and signatures were obtained. Furthermore, tenants' missing documentation was prepared and signed in which the TRAs have retained within the tenant's folders.

There is a File Document Review and Checklist that is placed in all tenants' folders during the recertification process. This checklist is used to ensure that all documents required are received, filed in their respective folders, and properly completed. The Senior Tenant Relations Advisor (TRA) is responsible to follow-through and to ensure that this checklist is properly documented and completed by the TRAs. Along with this, the Senior TRA and Public Housing Compliance Officer are responsible for conducting quality reviews of the completed folders.

The Public Housing Manager will continue to establish and refine procedures for the recertification process and a quality control check to ensure that all Public Housing staff adheres to quality performances in their work habits.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-02

**Program: Low Income Public Housing—No Documentation for Recertification
Period**

CFDA No. 14.850

Criteria:

Pursuant to 24 CFR Section 960.257, the Authority must conduct a reexamination of family income and composition at least once every twelve months and make appropriate adjustments in the rent after consultation with the family and upon verification of the information.

Condition:

For one (1) or 3% of the forty (40) tenant files tested, there was either incomplete or no documentation at all for the period under audit for the following:

<u>Tenant</u>	<u>Lease period</u>
1. Unit #13ARDA8	5/01/04 to 4/30/05

Cause:

It appears that the Low Income Public Housing personnel did not process the required documentation necessary during the reexamination to verify tenant's income eligibility and compute tenant's rent based on third-party verification forms.

Effect:

The Authority is not in compliance with 24 CFR Section 960.257 and its internal control policies and procedures set forth in the Admission & Continued Occupancy Policies for Low Income Public Housing program. Furthermore, incorrect payment of assistance or rent could be paid and not be detected.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-02 (continued)

**Program: Low Income Public Housing—No Documentation for Recertification
Period**

CFDA No. 14.850

Recommendation:

GHURA should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the recertification process. There is a File Document Review and Checklist for Senior TRA (Tenant Relations Advisor) that is enclosed in the tenant's folder, which should be used to ensure that all the necessary documents are on file and properly completed. Supervisors and management must make periodic file examinations to ensure policies and procedures are being properly implemented.

Auditee Response/Corrective Action Plan:

We agree with this finding. This was a late annual recertification. The Tenant Relations Advisor (TRA) was in the process of completing the annual recertification. However, the tenant submitted a 30-day notice to terminate effective 2/22/05. Therefore, we are unable to make corrections on this finding.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-03

**Program: Low Income Public Housing—Family Report (form HUD-50058) vs.
Third-Party Verification**

CFDA No. 14.850

Criteria:

Pursuant to 24 CFR Sections 960.209, 960.253, 960.257 and 960.259, the Authority must examine family income and composition at least once every twelve months. Furthermore, the family must supply any information requested by the Authority for use in a regularly scheduled reexamination or an interim reexamination of family income and composition.

Condition:

For one (1) or 3% of the forty (40) tenant files tested, the information and composition of family members reported on the Family Report (form HUD-50058) did not match the information provided per third-party verification for the following:

- a) For tenant in Unit #6MAO, social security number for tenant's son was incorrectly inputted as 999-99-9999 on Family Report.

Cause:

It appears that the Low Income Public Housing personnel did not properly review the tenant's files during reexamination to input the accurate information on the Family Report based on the documentation provided by the family.

Effect:

The Authority is not in compliance with its internal control policies and procedures set forth in the Admission & Continued Occupancy Policies for Low Income Public Housing program. Incorrect payment assistance or rent could be paid and not be detected.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-03 (continued)

**Program: Low Income Public Housing—Family Report (form HUD-50058) vs.
Third-Party Verification**

CFDA No. 14.850

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that information reported on Family Report agrees with the third-party verifications submitted during the recertification and interim periods. Furthermore, a form stating change in family composition should be on file and signed by the tenant and TRA acknowledging the adjustments made for the particular lease period. Supervisors and management needs to examine files to ensure compliance with policies and procedures.

Auditee Response/Corrective Action Plan:

We agree with this finding. Since this audit finding, the proper corrections were made on the Family Reports in regards to inputting the accurate social security numbers and dates of birth for the tenant's dependents.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-04

**Program: Low Income Public Housing—Miscalculation of Tenant's Annual
Income Based on Third-Party Verification**

CFDA No. 14.850

Criteria:

In accordance with 24 CFR Section 960.259, the Authority must obtain and document in the family file third party verification of the following factors, or must document in the file why third party verification was not available: (a) reported family income, (b) the value of assets, (c) expenses related to deductions from annual income, and (d) other factors that affect the determination of adjusted income or income-based rent.

Condition:

For three (3) or 8% of the forty (40) tenant files tested, I noted that there were miscalculations on tenant's total annual income reported on the Family Report based on the information from third-party for the following:

- a) Tenant in Unit #9JCR: for interim period effective 12/01/04, the annual income reported for the head of household was \$19,036 as per Family Report. However, there was no documentation on file to support this information. Only documentation on file was a verification of employment dated 5/24/04 and third-party oral verification dated 8/05/04 which stated salary at \$6.20/hour as full-time employee (\$12,896 per annum). Upon recalculation, tenant rent should be \$130 instead of \$283 as reported on Family Report, which is a variance of \$153. Therefore, the Authority owes tenant \$1,530 for lease period 12/01/04 to 9/30/05.
- b) Tenant in Unit #164KAL: per verification form from Social Security Administration, noted that tenant's monthly benefits were \$698.60/month for lease period effective 8/26/04. However, Family Report reflected the net amount of benefits at \$632/month which included the Medicare expense \$66.60/month. Upon recalculation, tenant rent should be \$216 instead of \$196 as reported on Family Report, which is a variance of \$20. Therefore, tenant owes the Authority \$240 for lease period August 2004 to July 2005.
- c) Tenant in Unit #5JAP: per verification of employment form dated 1/20/05 for tenant's spouse, noted that the annual salary is \$8/hour as a full-time employee (\$16,640 per annum). However, TRA agent computed the annual income based on the average of check stubs provided, which totaled to \$14,608. Per the Authority's policy, must select the 'higher salary amount' between the two computations, which will be used to report the tenant's annual income on Family Report. Upon recalculation, tenant rent should be \$171 instead of \$120 as reported on Family Report, which is a variance of \$51. Therefore, tenant owes the Authority \$306 for lease period 4/01/05 to 9/30/05.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-04 (continued)

**Program: Low Income Public Housing—Miscalculation of Tenant's Annual
Income Based on Third-Party Verification**

CFDA No. 14.850

Cause:

It appears that the Low Income Public Housing staff did not properly review and examine the tenant files for accuracy during the recertification process. It also appears that the LIPH staff did not follow up with the family to acquire the required documentation to ensure that the information on the Family Report is accurate and complete. Management did not make inspections of documentation to ensure completeness and accuracy.

Effect:

The potential exists for errors to be made in calculating annual income and tenant rent reported in the Family Report. However, the differences in the adjusted amounts did not have a material and direct effect on the financial statements.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

Although the amounts are immaterial to the financial statements, the TRAs should conduct a more detailed and thorough review of family documentation during recertification or interim process.

Auditee Response/Corrective Action Plan:

We agree with this finding. Subsequent to this finding, corrections were made accordingly on the tenant's Family Report for the tenants cited on above condition. For tenant in Unit #9JCR, as income information was inputted, past income on 10/01/04 interim period was not brought forward resulting in error. Therefore, corrections made in file to include spouse's income as earned income disregard (EID) effective 12/01/04. For tenant in Unit #5JAP, income based on average of check stubs and not employment verification on file; so the higher amount was not considered. Although there was an underpayment of tenant rent, tenant is not obligated to pay due to administrative error.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-05

**Program: Low Income Public Housing—Miscalculation of Tenant's Annual
Income Based on Earned Income Disregard (EID) Policy**

CFDA No. 14.850

Criteria:

Pursuant to 24 CFR 960.255, the Authority must exclude from annual income of a qualified family, any increase in income during the cumulative twelve month period beginning on the date a family member is first employed or the family first experiences an increase in annual income attributable to employment. During the second cumulative twelve-month period, the Authority must exclude from annual income 50% of any increase in income of such family member as a result of employment. Thereafter, total annual income will be included in the computation of family income for the lease period.

Condition:

For three (3) or 8% of the forty (40) tenant files tested, the tenant's annual income did not reflect the earned income disregard (EID) policy from the start of tenant's employment for the following:

- a) Tenant in Unit #5AVDP: tenant started employment with new job on 7/24/03 per VOE. For annual reexamination on 5/01/04, 100% of tenant's earned income was excluded from calculation of total family income. However, an interim adjustment on 8/01/04 to reflect the 50% earned income disallowance was not conducted after the first twelve-month period, which ended in 7/31/04. Therefore, there was a variance of \$5,791 between the annual income previously reported on 5/01/04 and income that should be effective on 8/01/04. Upon recalculation, I noted that utility reimbursement should be \$77 instead of \$198. Therefore, tenant owes the Authority \$1,331 for period 8/01/04 to 6/30/05 since lease was extended from 4/30/05 to 6/30/05.
- b) Tenant in Unit #13MJLG: tenant started employment with new job on 8/19/03 per VOE in which the earned income disallowance would have been effective 9/01/03. Although there was no interim adjustment to reflect this change, no effect on the total tenant payment (TTP). Prior lease on 5/01/03 was extended up to 5/31/05. Lease period under audit (effective 6/01/05) disregards earned income 100%. However, an interim adjustment should have been done effective 9/01/04 to reflect the 50% earned income disallowance after the first 12-month period from date of hire. Upon recalculation, I noted that there should be a tenant rent of \$220 instead of a utility reimbursement of \$125. Therefore, tenant owes the Authority \$3,105 for period 9/01/04 to 5/31/05 prior to lease renewal on 6/01/05.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-05 (continued)

**Program: Low Income Public Housing—Miscalculation of Tenant's Annual
Income Based on Earned Income Disregard (EID) Policy**

CFDA No. 14.850

Condition, continued:

- c) Tenant in Unit #6JE: Tenant and co-head member were employed during early part of 2004 (1/06/04 and 2/19/04, respectively); therefore, their income for lease period under audit (effective 6/01/05) will be 50% disallowed. However, per review of calculations for total annual income in Family Report, unable to determine how annual income was calculated based on the supporting documents provided by third-party verification. Upon recalculation, I noted that there should be a tenant rent of \$58 instead of \$94. Therefore, the Authority owes the tenant \$144 for period 6/01/05 to 9/30/05.

Cause:

It appears that the TRAs may have overlooked the exact period when the interim adjustments should be made in order to reflect the annual disallowance appropriately, which would affect the computation of the tenant's rent.

Effect:

The Authority is not in compliance with its Admission & Continued Occupancy Policies in regards to the Earned Income Disregard, which is also noted in the terms and conditions of the Dwelling Lease Agreement. The potential exists for errors to be made in calculating annual income and tenant rent reported in the Family Report. Furthermore, this may have an effect on the financial statements if the above condition is not corrected.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Authority should provide adequate training for the TRAs to ensure that the family's income is reflected correctly during their existence in the public housing program. Each TRA should be provided copies of 24 CFR applicable to HUD programs as reference material or have direct computer access to such information. Moreover, management needs to examine documents and calculations to ensure completeness and accuracy.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Finding No. 05-05 (continued)

**Program: Low Income Public Housing—Miscalculation of Tenant's Annual
Income Based on Earned Income Disregard (EID) Policy**

CFDA No. 14.850

Auditee Response/Corrective Action Plan:

We agree with this finding. Corrections will be made accordingly on the tenant's Family Reports for the period under audit and tenants will be called to sign the amended Family Reports in which reflect the corrected tenant rent or utility reimbursement.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-06

Program: Low Income Public Housing—Occupancy Standards

CFDA No. 14.850

Criteria:

Per Admission & Continued Occupancy Policies for Low Income Public Housing program, families under the program must comply with the occupancy standards that specify the minimum and maximum number of household members who are permitted to occupy within the dwelling unit.

Condition:

For two (2) or 3% of the sixty (60) tenant files tested, I noted that there was no justification to explain why the following families were placed in dwelling units exceeding the number of bedrooms allowed for the particular household size:

- a) Tenant in Unit #11ADAM: household size of four placed in a 5-bedroom unit for lease period effective 9/01/05.
- b) Tenant in Unit #2RDA8: household size of four placed in a 5-bedroom unit for lease period effective 3/01/05.

Cause:

It appears that the Low Income Public Housing staff did not properly review and examine the tenant files for accuracy during the recertification process. In addition, information submitted by the tenants for a change of status on household may have not been updated within the Family Report.

Effect:

The Authority is not in compliance with its internal control policies and procedures set forth in the Admission & Continued Occupancy Policies for Low Income Public Housing program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-06 (continued)

Program: Low Income Public Housing—Occupancy Standards

CFDA No. 14.850

Recommendation:

The Authority should ensure that the information reported on the Family Report is updated as soon as the recertification process is completed or when tenant submits a change of status on household composition. Examination of documents must be made by management as a quality control to verify the information reported on the Family Report is accurate and supported with the proper documentation.

Auditee Response/Corrective Action Plan:

We agree with the finding. For tenant in Unit #11ADAM, tenant submitted a change report form on 3/16/05, which was to delete certain family members from the lease unit. Documents completed for change however failed to have tenant sign Occupancy Standards letter at 4/01/05 interim period and 9/01/05 annual recertification period. A general transfer request is in file and tenant is placed on waiting list for available unit.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-07

**Program: Low Income Public Housing—Late Recertifications/Lease Periods
Over One (1) Year**

CFDA No. 14.850

Criteria:

As per 24 CFR 960.253, 960.257, and 960.259, the Authority must reexamine family income and composition at least once every twelve months. Furthermore, the Authority must make appropriate adjustments in the housing assistance payment and tenant rent using documentation from third-party verification.

Condition:

For twenty-one (21) or 53% of forty (40) tenant files tested, the lease agreements for the period under audit were extended and exceeded the one-year lease period. Although there is a Lease Amendment stating the extension period, the amendment was signed by tenant and Public Housing Manager approximately within a month before the actual lease extension expired. Furthermore, the Authority's Admission & Continued Occupancy Policy did not specify the maximum period allowed for the family's lease to be extended before the next annual recertification process. The condition applied to the following tenants:

	<u>Tenant's Unit #</u>	<u>Date of reexamination</u>	<u>Date prior lease was extended</u>	<u># of months over lease</u>
1.	11ADAM	4/01/2005	8/31/2005	5
2.	2AABAS	3/01/2005	4/30/2005	2
3.	5AVDP	5/01/2005	6/30/2005	2
4.	4BSAL	11/01/2004	4/30/2005	6
5.	7BERON	9/01/2005	11/30/2005	3
6.	37BDAM	5/01/2005	7/31/2005	3
7.	4BCAM	8/01/2004	8/31/2004	1
8.	207JQQ	8/01/2005	12/31/2005	5
9.	92MAO	8/01/2005	12/31/2005	5
10.	64KAL	8/01/2005	2/28/2006	7
11.	6MAO	5/01/2005	2/28/2006	10
12.	28MAO	8/01/2005	10/31/2005	3
13.	70MAO	8/01/2005	10/31/2005	3
14.	A07	4/01/2005	10/31/2005	7
15.	M5	12/01/2003	5/31/2004	6
16.	14RSSA	1/01/2005	2/28/2005	2

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-07 (continued)

**Program: Low Income Public Housing—Late Recertifications/Lease Periods
Over One (1) Year**

CFDA No. 14.850

Condition, continued:

<u>Tenant's Unit #</u>	<u>Date of reexamination</u>	<u>Date prior lease was extended</u>	<u># of months over lease</u>
17. 1WSA	4/01/2005	4/30/2005	1
18. 2RDA8	4/01/2004	2/28/2005	11
19. 25MJLG	9/01/2004	3/31/2005	7
20. 22MJLG	4/01/2005	6/30/2005	3
21. 13MJLG	5/01/2004	5/31/2005	13

Cause:

It appears that the Low Income Public Housing was not aware of the annual recertification date until review of the tenant files, which was subsequent to the reexamination period.

Effect:

The Authority is not in compliance with its policies and procedures set forth in the Admission & Continued Occupancy Policies for Low Income Public Housing program. Furthermore, the potential for errors to be made exists in calculating annual income and tenant rent reported in the Family Report if recertification process is not done in a timely manner.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Authority should update its existing internal control policies and procedures to include specifically the maximum period allowed for a lease to be extended. Moreover, the TRAs should refer to the File Document Review and Checklist to ensure that all required documents are submitted and completed during the recertification process, as well as confirm that the information reported on the Family Report is updated as soon as the recertification process is completed

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-07 (continued)

**Program: Low Income Public Housing—Late Recertifications/Lease Periods
Over One (1) Year**

CFDA No. 14.850

Auditee Response/Corrective Action Plan:

We agree with this finding. All recertifications listed resulted in a late recertification. Public Housing staff is now current with the late recertifications and all TRAs and Senior TRAs have signed a memorandum stating the amendment to extend the lease expiration date will no longer be used. Lastly, failure to comply will result in disciplinary actions.

The TRAs are in the process of completing all late annual recertifications and quality control tests are being done such as random sampling of tenant files throughout the year for the purpose of preventing or eliminating similar deficiencies. Also, procedures are being enforced to ensure the timeliness of annual recertifications, such as the Senior TRAs reviewing the Public and Indian Housing Information Center (PIC) reports on a monthly basis to monitor the status of reexaminations for program compliance. Moreover, the TRAs are instructed that annual reexamination process should begin 90 to 120 days before the anniversary date of the initial lease; and all appointments should be completed no later than 45 days before the effective date of lease in order to meet the requirement of providing at least 30 days written notice of any increase in rent.

The Admissions and Occupancy Policies will also be reviewed and revised, where necessary, in order to comply with current and ongoing HUD changes in policies. Based on the trainings received, a number of items in the A&O Policy have been recommended for changes.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-08

Program: Section 8 Voucher—Missing Documentation

CFDA No. 14.871

Criteria:

In accordance with 24 CFR Sections 982.4, 982.54(d)(15), 982.152(f)(7) and 982.503, the Authority must maintain current records to document the basis for the determination that rent to owner is a reasonable rent. The Authority is also required to examine family income and composition at least once every twelve months and adjust total rent and housing assistance payment as necessary in accordance with 24 CFR Sections 5.617 and 982.516.

Condition:

For four (4) or 10% of the forty (40) Vouchers selected, the tenant folders had missing documentation for the period under audit for the following:

<u>Voucher</u>	<u>Missing documentation:</u>
1. #08-2285	- Rent Reasonableness form
2. #05-1371	- personal data (i.e. social security cards, birth certificates, etc.)
3. #07-2135	- Rent Reasonableness form
4. #07-2143	- Rent Reasonableness form

Cause:

It appears that the Section 8 personnel did not properly review the tenant's folder to ensure that all required documents are complete and accurate at the time of the admission or recertification process.

Effect:

There is no direct and material effect on the financial statements. However, the Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for Section 8 program. The potential exists for incorrect amounts or rent to be paid and not be detected.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-08 (continued)
Program: Section 8 Voucher—Missing Documentation
CFDA No. 14.871

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and completed during the admission and recertification process. Furthermore, the Quality Control Analyst should conduct periodic inspections of files throughout the year to ensure that tenant eligibility and recertification documentation are accurately prepared and documented properly.

Auditee Response/Corrective Action Plan:

We agree with this finding.

A File Document Review and Checklist is available in each tenant's folder that must be completed by each HAP Specialist to ensure that all the necessary documents are in file and properly documented. Section 8 Supervisors are responsible to review the checklist to ensure program compliance.

Section 8 Supervisors shall conduct quality control reviews of at least 20% of the tenant files on a monthly basis and submit report to the Section 8 Housing Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-09

Program: Section 8 Voucher—Family Report (form HUD-50058) vs. Third-Party Verification

CFDA No. 14.871

Criteria:

The Authority must maintain current records to document the basis for the determination that rent to owner is a reasonable rent as per 24 CFR Sections 982.4, 982.54(d)(15), 982.152(f)(7) and 982.503. The Authority is also required to examine family income and composition at least once every twelve months and adjust total rent and housing assistance payment as necessary in accordance with 24 CFR Sections 5.617 and 982.516.

Condition:

For two (2) or 5% of the forty (40) Vouchers tested, information on the Family Report (form HUD-50058) was either incorrectly inputted or did not match the information provided per third-party verification for the following:

- a) Voucher #03-0683: monthly amount for food stamps per verification dated 11/30/04 is \$735; amount per Family Report is \$695 (however, no effect on TTP for lease period effective 12/01/04)
- b) Voucher #04-1075: tenant's dependent's social security number was inputted incorrectly as 999-99-9999 on the Family Report

Cause:

It appears that the Section 8 personnel did not properly review the tenant's folder to ensure that all required documents are complete and accurate at the time of the admission or recertification process.

Effect:

There is no material effect on the financial statements. However, the Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for Section 8 program. Incorrect rent amounts are being calculated and paid.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-09 (continued)

Program: Section 8 Voucher—Family Report (form HUD-50058) vs. Third-Party Verification

CFDA No. 14.871

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and completed during the admission and recertification process. The Quality Control Analyst should conduct periodic inspections of files throughout the year to ensure that tenant eligibility and recertification documentation are accurately prepared and documented properly.

Auditee Response/Corrective Action Plan:

We agree with this finding.

A File Document Review and Checklist is available in each tenant's folder that must be completed by each HAP Specialist to ensure that all the necessary documents are in file and properly documented. Section 8 Supervisors are responsible to review the checklist to ensure program compliance.

Section 8 Supervisors shall conduct quality control reviews of at least 20% of the tenant files on a monthly basis and submit report to the Section 8 Housing Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance. Section 8 staff training is currently being assessed by HUD.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-10

**Program: Section 8 Voucher—Miscalculation of Tenant's Annual Income
Based on Third-Party Verification**

CFDA No. 14.871

Criteria:

As promulgated by 24 CFR Sections 982.201, 982.515, and 982.516, the Authority must determine income eligibility and calculate the tenant's rent payment using the documentation from third party verification. Additionally, pursuant to 24 CFR Sections 5.617 and 982.516, the Authority must reexamine family income and composition at least once every twelve months and adjust the total rent and housing assistance payment (HAP) as necessary.

Condition:

For one (1) or 3% of the forty (40) Vouchers selected, the tenant's annual income and tenant rent were incorrectly calculated due to misinformation reported in Family Report, which did not agree to third party verification forms for the following:

- a) Per verification form from Social Security Administration, noted that monthly benefits for tenant were \$650.60/month. However, Family Report noted the net amount of benefits received of \$584/month (included Medicare expense of \$66.60/month). Also, rent to owner exceeded the authorized payment standard due to fact that payment standard on the Family Report was incorrect. Upon recalculation, the tenant rent should be \$227 instead of \$207; and housing assistance payment (HAP) should be \$1,027 instead of \$1,193. Therefore, the tenant owes the Authority total amount of \$240 and landlord was overpaid by total amount of \$1,992 for period 8/01/04 to 7/31/05.

Cause:

It appears that the Section 8 staff did not properly review and examine the files from third party verifications in order to accurately complete the Family Report during the recertification process.

Effect:

The applicable changes in the family income affect the Total Tenant Payment (TTP), tenant rent, and housing assistance payment (HAP). In addition, the Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for Section 8 program. Incorrect amounts are being calculated and paid.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Finding No. 05-10 (continued)

**Program: Section 8 Voucher—Miscalculation of Tenant's Annual Income
Based on Third-Party Verification**

CFDA No. 14.871

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all required documents are submitted and completed during the admission and recertification process. The Quality Control Analyst should conduct periodic inspections of files throughout the year to ensure that tenant eligibility and recertification documentation are accurately prepared and documented properly.

Auditee Response/Corrective Action Plan:

We agree with this finding.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-11

Program: Section 8 Voucher—Different Payment Standards/Overpayment of HAPs

CFDA No. 14.871

Criteria:

In accordance with 24 CFR 982.503, the Authority must adopt a single and current payment standard for the voucher program by unit size for each fair market rent (FMR) area in the Authority's jurisdiction, which does not exceed 110% of the current applicable FMR and which is not less than 90% of the current FMR unless a lower percent is approved by HUD. In addition, as per 24 CFR 982 subpart K, the voucher subsidy is set based on the difference between the lower of the Authority's applicable payment standard for the family or the gross rent and the total tenant payment (generally 30% of family's monthly adjusted income). This is the maximum amount of subsidy a family may receive regardless of the rent the owner charges for the unit.

Condition:

Of the forty (40) Vouchers selected for testing, four (4) or 10% had different payment standards reported on the Family Report, which did not agree to the payment standard approved by HUD. Furthermore, the four Vouchers cited had overpayments of monthly housing assistance payment (HAP) to the landlords for the following:

	<u>Voucher #</u>	<u>Original HAP</u>	<u>HAP recalculated</u>	<u>Monthly Overpayment</u>	<u>No. of months</u>	<u>Total Overpayment</u>
1.	08-2285	\$ 1,103	\$ 974	\$ 129	12	\$ 1,548
2.	02-0614	704	599	105	12	1,260
3.	08-2502	1,364	1,229	135	12	1,620
4.	03-0945	1,593	1,384	209	12	<u>2,508</u>
						<u>\$ 6,936</u>

Cause:

It appears that the payment standards reflected on the Family Report included utility allowances, which varies depending on the number of bedrooms the unit has and the utilities provided by the landlord. Upon review of the Authority's Section 8 Management Assessment Program (SEMAP) Certification, the payment standards that were authorized by the Authority's Board of Commissioners corresponded to the standards approved by HUD. Regardless of this fact, the higher payment standard, which included utility allowances, was used on the actual computations in the Family Report whether or not the tenant was approved to include utilities along with the gross rent.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-11 (continued)

Program: Section 8 Voucher—Different Payment Standards/Overpayment of HAPs

CFDA No. 14.871

Effect:

The Authority is not in compliance with the regulations as set forth on 24 CFR 982.503. Furthermore, there may be a material effect on the financial statement if the condition persists which will result in additional overpayments to the landlords as well as underpayments from tenant rents since the utility allowances decreased the gross rents. As a result of this condition, there is a known questioned cost of \$6,936 for the HAP overpayments to the landlord and the potential extrapolated error/questioned cost of \$1,937,984 based on the total HAP payments made for fiscal year ending September 30, 2005. However, subsequent to year end, the Authority commenced a comprehensive detailed review of all HAP files to determine the full extent of the overpayments.

Recommendation:

The Authority should conduct a thorough review of all the current Vouchers they have and perform the necessary adjustments to reflect the correct payment standards as authorized by HUD. Furthermore, the Authority should evaluate their payment standards before each fiscal year begins to verify whether they conform to the HUD approved standards. These periodic reviews will serve as a control mechanism to ensure compliance with existing policies and procedures as well as HUD regulations. This will further allow the Authority to identify deficiencies and take appropriate action to enhance the control environment and mitigate the possibility of fraud, errors or misappropriation of assets.

Auditee Response/Corrective Action Plan:

We agree with this finding. We are working with HUD to resolve this matter.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-12

Program: Section 8 Voucher—No Updated Utility Allowance Schedule

CFDA No. 14.871

Criteria:

As per 24 CFR 982.517, the Authority must maintain a utility allowance schedule for all tenant paid utilities (except telephone) for cost of tenant supplied refrigerators and ranges, and for other tenant-paid housing services (e.g. trash collection). Furthermore, the Authority must give HUD a copy of the utility allowance schedule and provide any information or procedures used in the preparation of the schedule at the request by HUD.

Condition:

Per the Section 8 Management Assessment Program (SEMAP) Certification for fiscal year ending September 30, 2005, the Authority it reviewed utility rate data that it obtained within the last twelve months and adjusted their utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised. the Authority stated that it does not have an up-to-date utility allowance schedule

Cause:

It appears that the Authority did not able to obtain an updated utility rate assessment because the contractor failed to provide such information in a timely manner.

Effect:

The total HAP payments to the landlord and tenant rent may be misstated which may result in either overpayments to the landlord or underpayments from the tenants.

Recommendation:

The utility allowance schedule updated as soon as possible and should be based on utility consumption and rate data for various unit sizes, structure types, and fuel types.

Auditee Response/Corrective Action Plan:

We agree with this finding.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-13

**Program: Family Self-Sufficiency (FSS)—Miscalculation of Cumulative FSS
Escrow Balance**

CFDA No. 14.850, 14.871

Criteria:

Pursuant to 24 CFR Section 984.305(3)(b), the Authority is required to make a report at least once annually to each FSS family on the status of the family's FSS escrow account. The report will include:

- a) the balance at the beginning of the reporting period;
- b) the amount of the family's rent payment that was credited to the FSS account during the reporting period;
- c) any deductions made from the account for amounts due to the Authority before interest is distributed;
- d) the amount of interest earned on the account during the year; and
- e) the total FSS escrow balance at the end of the reporting period.

Condition:

For three (3) or 12% of the twenty-five (25) participant files selected, the cumulative balance of the participant's FSS escrow as of September 30, 2005 was miscalculated for the following:

	<u>Participant</u>	<u>Program</u>	<u>Escrow balance per client</u>	<u>Escrow balance recalculated</u>	<u>variance</u>
1.	4BVDP	PH	\$ 432	\$ 360	\$ 72
2.	03-0775	S8	6,983	7,046	63
3.	10JE	PH	3,809	4,102	293

Cause:

Due to miscalculations of the total tenant payment (TTP) originally reported on the Family Report by the HAP Specialists, it appears that the FSS Program Coordinator may not have been aware of these errors when calculating the escrow credit for each lease period. Whenever interim adjustments made under the participant's program (either Section 8 or Public Housing), the FSS Program Coordinator may have not been informed of the changes as soon as they were made.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-13 (continued)

**Program: Family Self-Sufficiency (FSS)—Miscalculation of Cumulative FSS
Escrow Balance**

CFDA No. 14.850, 14.871

Effect:

This may result in the tenant either not being credited with the FSS escrow amounts that they may be entitled to if their annual income increases every annual examination or the Authority over-crediting the tenant's FSS account if the base TTP is incorrect. HAP Specialists, TRAs, or Program Coordinators are unable to trace back the correct FSS escrow balance in a timely manner if the participant requests for the status of their escrow amount.

Prior Year Status:

The above condition was cited as a similar finding in the prior year audit of the Authority.

Recommendation:

It is recommended that the appropriate staff members receive adequate training in regards to implementing the correct policies and procedures under the FSS program, as well as reviewing the FSS participant's escrow amount every recertification or interim examination to ensure completeness and accuracy of information within the Family Report. Furthermore, any income changes reflected during the participant's lease, especially during the interim adjustment periods, should be addressed to the FSS program coordinator in the immediate response.

Auditee Response/Corrective Action Plan:

We agree with this finding. Interim adjustments will be made to correct the miscalculations. The FSS Action Plan has been updated since there are certain policies and procedures that are absent in the Action Plan, to include the number of participants the program should have. The PH Manager will establish procedures to ensure that this program is in full compliance. The FSS Coordinator will ensure that an escrow report is completed and filed in each FSS case file on an annual basis.

Both the PH Manager and the PH Compliance Officer have been tasked to conduct a full quality review of the FSS case files. Upon completion, the PH Compliance Officer will conduct a quarterly review of the files. The FSS Quality Control Plan will begin in July 2005 and a full review of the participants' files will be conducted to ensure full compliance.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-14

**Area: Section 8, LIPH, MIS & Fiscal—Automated Clearing House
(ACH) Policy**

CFDA No. 14.850 and 14.871

Criteria:

A formal standard operating policy (SOP) should be adopted for the establishment of internal control policies and procedures governing Automated Clearing House (ACH) electronic fund transfer transactions for direct deposits. This SOP should encompass and cover those procedures performed by Section 8 Housing Division, Low Income Public Housing (LIPH) Division, Management Information Systems (MIS) Division and the Fiscal Division. The SOP should incorporate strong segregation of duties, preventative and detective controls to mitigate fraud, and ensure that only qualified tenants receive approved utility reimbursements and authorized landlords receive Housing Assistance Payments (HAP) for the Section 8 program and payments made to tenants residing in the Low Income Public Housing. All data transactions and file submissions to financial institutions for ACH direct deposits should be in compliance with the National Automated Clearing House (NACH) and the Federal Reserve Board standards, format, rules and regulations.

Condition:

The Authority electronically submits certain tenant and landlord information to various financial institutions for direct deposits to via the Internet for ACH processing. Our audit testing disclosed that GHURA increased its electronic bill-paying and direct deposit processes over the past year. We continue to believe that effective policies and procedures have not been thoroughly developed over the practice to safeguard GHURA's assets. Safeguards have not been developed, documented and nor fully implemented in the Section 8, LIPH and Fiscal Divisions to ensure the proper segregation of duties and the prevention and detection of potential fraud. There are no system safeguards currently in place to prevent program personnel access to tenant and landlord data once entered in to the system. However, we noted that the MIS Division initiated numerous controls over data validation, software security, file transmission and report reconciliation to mitigate potential fraud and conducted a risk assessment of the Authority's ACH process and procedures.

Subsequent to September 30, 2005, the Authority has continued the development of an SOP for ACH processing; however, it still lacks sufficient system controls over the processes for the Section 8, LIPH and Fiscal Divisions to safeguard assets and mitigate potential fraud.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-14 (continued)

**Area: Section 8, LIPH, MIS & Fiscal – Automated Clearing House
(ACH) Policy**

CFDA No. 14.850 and 14.871

Cause:

The Authority has not established formal written ACH policies and procedures for handling its electronic bill-paying and direct deposit processes. Section 8 and LIPH personnel have not been adequately trained in establishing proper segregation of duties for handling tenant and landlord data used for ACH processing.

Effect:

The lack of written standard operating procedures for processing and reconciling ACH direct deposit transactions exposes the Authority to the potential loss or theft of cash or establishment of fictitious landlord and tenant and payments made to them without being detected in a timely manner.

Recommendation:

We commend the MIS Division for taking the initiative to act as the project coordinator to properly document the Authority's overall comprehensive ACH policies and procedures; however, we recommend that MIS work directly with the Fiscal Division to identify and implement controls to ensure strong segregation of duties, among others to:

1. Ensure that appropriate cash accounts are reconciled and differences resolved in a timely manner.
2. Assign housing choice vouchers numbers to each eligible tenant and authorized landlord and use such information to cross-reference and reconcile to actual payments made via ACH processed and maintained by MIS.
3. Ensure that Tenant Relation Advisors and HAP Specialists are prevented from altering tenant and landlord DDA information once obtained and authenticated.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-14 (continued)

**Area: Section 8, LIPH, MIS & Fiscal – Automated Clearing House
(ACH) Policy**

CFDA No. 14.850 and 14.871

Recommendation, continued

We strongly recommend that the Authority should establish and implement written ACH internal control policies and procedures for the handling its electronic bill-paying and direct deposit processes. Attributes such as direct deposit authorizations (DDA), cancellations, changes, DDA rejections, preparation of transfer documents, and effectuation of funds transfers should all be present in the ACH process.

Auditee Response/Corrective Action Plan:

We agree with this finding. The Authority is seeking assistance from HUD. Management will identify key personnel to further address specific issues, such as, proper segregation of duties, prevention and detection of potential fraud, direct deposit authorization, and ACH processing. The final product will result in a developed, documented, adopted, and implemented policy that will further protect the Authority.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-15

Area: Davis-Bacon Act – Wage Compliance

CFDA No. 14.872 and 14.225

Criteria:

Pursuant to 24 CFR 968.110(e), the Authority is required to conduct on-site interviews of contractor employees to ensure the payment of prevailing wage rates to all laborers and mechanics on Federal government construction projects in excess of \$2,000. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. Compliance monitoring procedures include conducting on-site interviews with construction workers and reviewing payroll records and reports, and oversee any enforcement actions that may be required.

Condition:

Based on review on seven contractor folders and discussion with the Authority's Wage Compliance personnel, on-site interviews were not conducted during the fiscal year ending September 30, 2005.

Cause:

Wage Compliance personnel implemented a streamlining procedure that included an initial on-site orientation and interview. Thereafter, the Wage Compliance personnel relied on contract laborers to lodge a compliant if prevailing wages were not paid.

Effect:

The Authority is not in compliance with HUD regulations. The potential exist for laborers to be paid below prevailing wages rates and not be detected in a timely manner.

Recommendation:

The Authority should strictly adhere to HUD regulations set forth in 4 CFR 968.110(e) to ensure to ensure the payment of prevailing wage rates to all laborers and mechanics on Federal government construction projects in excess of \$2,000.

Auditee Response/Corrective Action Plan:

We agree with the finding, "of no on site interviews conducted ", the Wage Compliance Officer is now required to maintain a log for all projects with inspection dates conducted and type of labors with names interviewed. This log will be maintained alone with the contract project files and inspection reports.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-16
Area: Conflict of Interest
CFDA No. 14.872 and 14.225

Criteria:

Contracts should be executed by authorized personnel and in accordance with HUD regulations.

Condition:

During 2005, a Board of Commissioner stepped down and assumed the management position as Deputy Director and also acts as the contracting officer. There appears to be a conflict of interest under the Annual Contributions Contract(ACC). This employee had executed contracts on behalf of the Authority even though he has not been duly recognized by HUD as a legitimate employee. The Authority has been notified by HUD that until it grants a waiver for the conflict of interest provisions of the ACC, the Deputy Director is not authorized to execute contracts on behalf of the Authority. The Authority has requested a waiver from the Assistant Secretary for Public and Indian Housing via the Honolulu Field Office; however, to date, the waiver has not been granted.

Cause:

The Authority's management was not fully aware of the conflict of interest provisions outlined in the ACC.

Effect:

The Authority is not in compliance with provisions of the ACC. The potential exist for contracts executed by the Deputy Director to be void or invalid.

Recommendation:

We recommend that the Deputy Director not sign or execute any contracts on behalf of the Authority until the waiver is granted.

Auditee Response/Corrective Action Plan:

Prior to this finding, the appointing authority transferred the designation of the Contracting Officer from the Deputy Director to the Acting Executive Director until the approval of the HUD waiver.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-17

Area: Financial Information Systems – Upgrade

CFDA No. N/A

Criteria:

When upgrading to, or purchasing a financial information system or changing software platforms, redundant or parallel systems should be maintained until such time a determination is made on system reliability. Additionally, when upgrading to or purchasing a new software system, a requirements definition study is conducted prior to selecting the software vendor to ensure that the vendor's software is capable of processing the inputs and producing the desired outputs and reports.

Condition:

During 2005, the Authority upgraded its financial management information system with its existing software vendor. The upgrade was intended to provide an interface between the Authority's programs and the general ledger, permit the Accounting Department to generate the Financial Data Schedule from the system, among other features. Management relied on the representations of software vendor and chose not to run parallel systems and as a result, experienced numerous problems generating financial data and was unable to produce desired financial reports including the FDS. On numerous occasions, the software vendor has attempted to provide a solution to a myriad of problems encountered by the Authority and as has yet to rectify the system deficiencies. We were able to process dummy transactions through the system to assure ourselves of the system ability to capture and properly record the transactions in the general ledger. However, we did note that the system is unable to properly age the Authority's accounts receivable and accounts payable as the aging schedules provided were not mathematically correct and did not agree to the general ledger. The Authority is still unable to generate the FDS through its software system.

Cause:

The Authority did not properly establish software definition requirements based data processing inputs and desired data outputs for each of its affected divisions. Management relied upon the software vendor and its demonstrations and chose not to run parallel systems.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-17, continued

Area: Financial Information Systems – Upgrade

CFDA No. N/A

Effect:

The Authority has incurred an undetermined amount of payroll costs associated to addressing the system deficiencies. It is unclear whether the software vendor will continue providing technical support without compensation; therefore we are not able to quantify the additional costs that may be incurred. The Authority is not able to produce financial statements and related information in a timely manner which delayed the audit process.

Recommendation:

The Authority should require an extended on-site visit by the software vendor to correct all noted deficiencies and test the system to ensure that it is capable of meeting the Authority's program and financial reporting requirements.

Prior to the acquisition of any new financial management information systems, the Authority should conduct a detailed systems requirements definition and incorporate such in its request for proposals to ensure that all of its program and financial information are satisfactorily met. Upon acquisition and implementation of new software, we strongly encourage the Authority to run redundant or parallel systems until such time that reliance can be placed upon the new system.

Auditee Response/Corrective Action Plan:

We agree that the software conversion has caused GHURA a great amount in payroll costs for staff to re-verify the data, and assist in troubleshooting the problems. The maintenance contract for the software is renewed annually. The software provider has continued their support with GHURA in resolving the issues without payment. We have recently negotiated the cost for the maintenance contract with the vendor in order to compensate for loss of money spent since conversion.

The software provider is scheduled to provide training and resolve the major issues with Financials in July. As part of the negotiations with the vendor, the training will be provided at no cost, however GHURA will pay the travel fees.

In the event the software provider is not responsive in addressing the financial issues, and unable to resolve them based on our timeliness, alternate measures will be taken to ensure that our capability in meeting financial deadlines is not compromised.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-18
Area: Information Systems Integration
CFDA No. N/A

Criteria:

The Authority should maintain a program and financial information system that is fully integrated in order to capture and report the program activity and financial results in a timely.

Condition:

For a number of years, there has been an effort to fully integrate the program information system with the Authority's accounting and general ledger systems. Unfortunately, both of these computer systems are very complicated and have required expensive technical support to maintain daily use. Currently, these systems are properly interfaced resulting in additional work to reconcile, account for and report on the results of operation. Additionally, the use spreadsheets are still necessary to reconcile account balances. This is particularly relevant to the accounting for the various Community Planning and Development grant funds since the program personnel are at off-site location from the Authority's main office. Consequently, an enormous amount of time and effort is expended by accounting personnel to properly record and report the results of operations resulting in continued delays in posting and closing the books on a monthly and year-end basis.

Furthermore, the preparation of monthly and year-end financial statements is cumbersome and time-consuming. The general ledger is not consistent with the budget and reporting requirements specified by HUD. The current accounting software was purchased with the intent of being able to produce the Financial Data Schedule (FDS) at each year. We noted that the Accounting Department spends an inordinate amount of time downloading and regrouping account balances to prepare budget versus actual reports and preparing the FDS at year end.

Cause:

The cause for this condition varies. The Authority has disparate programs and funds that require fund accounting and business-type activity accounting and it has attempted to acquire an information system to accommodate both. Many of the Authority's program funds are accounted for based on cumulative balances rather than closing out the revenue and expense on a monthly or annual basis and as result, manual calculations must be made to account for the current year activity.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-18, continued
Area: Information Systems Integration
CFDA No. N/A

Effect:

There is no material effect on the financial statements as a result of the above condition. However, by not having a fully integrated accounting system it prevents the Accounting Department from recording and reporting the financial results in a timely and manner and slows the process of the preparation of the Authority's financial statements.

Recommendation:

We suggest the following steps to expedite the integration of the computer systems:

1. A detailed evaluation of the Authority's specific information needs;
2. Develop a plan to reconfigure and integrate the current systems to meet those needs or to investigate other alternative;
3. Implement the plan and follow up to ensure that needs are met and that the system is producing accurate information;
4. Modify the general ledgers to allow for financial reporting consistent with the budgetary and FDS reporting requirements.

We believe this will enhance the Accounting Department's ability to efficiently and effectively record daily transactions, provide management with complete and accurate financial information on a more timely basis.

Auditee Response and Corrective Action Plan:

We agree that the current Financial software has not met up to its expectations, which has contributed to Fiscal unable to provide timely financial reporting.

We have diligently with the vendor in resolving the issues on the Financial modules. The vendor has offered further support with us after conversion, and has assisted in providing data needed for financial reporting. The problems with the data conversion have caused delays in reporting deadlines for the Fiscal Division. However, the status of the programs is that there has been a slow, but gradual improvement since the conversion from Winten to Winten2 in April 2005. There needs to be a further assessment on the stability of the programs, and reliability of the data due to the large amount of investment already made by GHURA.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-18, continued
Area: Information Systems Integration
CFDA No. N/A

Auditee Response and Corrective Action Plan:, continued

Because of the investment made with the software upgrade, and because the vendor is one of the few housing authority software providers offering an integrated information systems package, it is prudent that we continue to work with the vendor to resolve all remaining system integration issues and financial reporting issues within a reasonable time frame.

We will be meeting with our software provider in July to further progress with the integration of the accounting and program software.

In the event that the software provider is not responsive in addressing these issues, and is unable to resolve them based on our timelines, then alternate measures will be taken to ensure that our capability in meeting future HUD reporting timeliness is not compromised.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-19

Area: Accounting System

CFDA No. N/A

Criteria:

Accounting and information systems should be able to facilitate the production of accurate and timely financial information and related preparation of financial statements and provide for accountability of assets, and the maintenance of accurate historical record of operations.

Condition:

Based on the results of observations made during our audit, the accounting system is unable to produce the following and the alternative time-consuming procedures are being used as follows:

Financial Reports and Accounting Information expected to be generated from the system Department

Alternative done by Accounting

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 1. Financial statements | Excel spreadsheet |
| 2. Detailed Fixed Asset Register which should include the following data: <ul style="list-style-type: none">• Asset Type• Asset number (TAG Number)• Location of asset/movable equipments• Condition: new or used• Date acquired• Date placed in service• Useful life• Depreciation provision• Date retired or traded | Excel spreadsheet updated annually from data extracted from the system. |
| 3. Financial Data Schedule | Manually prepared. |
| 4. All general ledger schedules | Excel spreadsheet updated monthly. |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-19, continued
Area: Accounting System
CFDA No. N/A

Cause:

The Authority upgraded its accounting system and has not been able to complete or implement all of the changes and is working with the software vendor to resolve various deficiencies and modifications.

Effect:

The above condition could result to in the risk fraud or misappropriation of assets and be undetected in a timely manner.

Recommendation:

We are aware that the Authority has recently upgraded its accounting system; however, changes are still required in order to be able generate periodic financial statements, the FDS and maintenance of fixed asset subsidiary ledger to ensure that such is used to meet the expectation to produce timely and accurate financial information in an effective and efficient manner.

Auditee Response and Corrective Action Plan:

We have and continue to work diligently with the software vendor to resolve the critical issues with the financial system modules, which include system generated financial reports required by HUD, including budgets, FDS, as well as other customized external and internal financial reports. Problems with the data conversion and programs have caused delays in financial reporting deadlines.

We will be meeting with our software provider in July to further progress in the critical areas of the accounting software's financial reporting, system security, budgetary controls and the need for immediate access to historical data.

In the event that the software provider is not responsive in addressing these issues, and is unable to resolve them based on our needs and timelines, then necessary alternate measures will be taken to ensure that our capability in meeting future HUD reporting timelines is not compromised.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-20
Area: Travel Policy
CFDA No. N/A

Criteria:

Pursuant to the Travel Policy, Part VI, Subpart C, the Supply Management Administrator, or a designated Procurement personnel, shall obtain at least three (3) quotations for airfare and will select the most economic route of travel available. The traveler must submit within 10 days following the return from official travel, an itemized statement of account supported by receipts of actual expenses incurred for lodging, meals and travel expenses incurred during the period of official travel.

Condition:

There were fifteen (15) approved travel authorization for fiscal year 2005 and none of which were supported by the required three price quotations. The Supply Management Administrator (SMA) was only contacting the two major airlines operating on Guam and the internet; however, failed to include travel agencies. We noted that prices varied from other airfare travel obtained through travel agencies and were competitive with those rates obtained directly from the airline companies.

Cause:

There is a lack of adherence to and monitoring of the Authority's travel policies. There appears to be weak internal controls over ensuring that travel authorizations are properly reviewed for proper documentation prior to approval.

Effect:

There is no material effect on the financial statements as a result of the above condition. However, noncompliance with the travel policy increases the risk of not identifying potential abuse or fraud in a timely manner.

Prior Year Status:

A similar condition was cited as finding in the prior year audit of the .

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-20, continued

Area: Travel Policy

CFDA No. N/A

Recommendation:

At least three (3) price quotations should be obtained from travel agencies and/or airlines to ensure that the Authority gets the most economic and lowest fare. The rates obtained should be documented for independent third-party verification. Authority should enforce its existing internal control policies and procedures over travel authorizations to ensure that only valid travel authorization expenditures are being paid and reimbursed. To the extent possible, The Authority should amend its travel policy to conform and be consistent to the Government of Guam's General Service Agency (GSA) travel policy guidelines.

Auditee Response/Corrective Action Plan:

The quotation documents submitted only reflects the quotations from Continental Airlines and Northwest Airlines because they are the only airlines that fly to the United States.

The SMA did not request from other entities such as local travel agents or the internet because the results of the request would refer to the aforementioned airlines servicing Guam.

Additionally, should the SMA select the most economic route there are other factors that must be considered. These factors are:

- Over-nite layovers - additional per diem & lodging shall be paid to the traveler resulting in additional cost to the Authority.
- Ease on traveler – Flights originating from Guam to the U.S. either fly to Narita, Japan or to Honolulu, Hawaii. Travelers flying to Narita, Japan often spends long hours (6 or more) waiting for connecting flight to the U.S. Whereas, flights to Honolulu, Hawaii require less airport layovers. Long hours waiting for connecting flights are not in the best interest of the employee.
- Additional cost – additional cost may be paid to the traveler/employee by the PHA if the concept of the most economic route is followed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-21

**Program: Travel—No Documentation of Travel Disbursement/Variance of
Travel Disbursement**

CFDA No. N/A

Criteria:

The Accounting Department must retain documentation to support travel disbursements such as employee's airfare and registration fees for off-island training. Furthermore, for employees who have reimbursements due to them, copies of receipts for the miscellaneous expenses must be attached to their Travel Expense Report.

Condition:

For one (1) or 6% of the fifteen (15) travel disbursements tested, no documentation was provided to substantiate the following travel disbursement reported on the expense report:

<u>Resolution No.</u>	<u>Travel expense</u>	<u>Amount per expense report</u>
FY05-050	Airfare, registration, lodging and textbook	\$ 5,673.49

Based on review of the travel request, the course attended was for the traveler's education towards an advanced degree and appears to be of personal benefit rather the direct benefit of the Authority.

Cause:

It appears that the Authority is unable to locate documents for credit card purchases such as registration fees and related course material that made it inaccessible to audit. Furthermore, copies of Travel Expense Reports may be submitted late which accounts for the delay in reviewing the actual disbursements made.

Effect:

A questioned cost of \$5,673.49 exists as result of this condition. The Authority is not in compliance with its policies and procedures as set forth in Policy for Travel, Transportation, and Other Related Expenses.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-21 (continued)

**Program: Travel—No Documentation of Travel Disbursement/Variance of
Travel Disbursement**

CFDA No. N/A

Recommendation:

The Authority should closely monitor and strictly enforce existing travel internal control policies and procedures to ensure that all required documents are submitted on time in a complete and accurate manner. An individual should be delegated responsibility to retain all documentation related to an employee's travel inclusive of the Board Resolution approving off-island travel, disbursements made via through check disbursement or credit card for airfare, registration fees, and approved per diem. Travel and trip expense reports should be submitted by the employee in a timely manner.

Auditee Response/Corrective Action Plan:

We disagree with this finding. The course attended by the employee provides a direct benefit to the Authority in her position as the Personnel Services Administrator for GHURA. Additionally, the employee is one of two HR professionals in the government of Guam who attained the Senior Professional in Human Resources (SPHR) designation with a nationally recognized institution (i.e. Human Resource Certification Institute). Credits earned from the course were also applied toward meeting the employee's SPHR recertification requirements.

Auditor's Response:

The Authority was still unable to provide the underlying supporting document to substantiate the reimbursement made to the employee.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-22

Area: Reporting – HUD Community Planning Development Grants

CFDA No. 14.225, 14.231, 14.235, 14.238 and 14.239

Criteria:

In accordance with 24 CFR 91.520, the Authority is required comply with requirements for record keeping and annual performance requirement to HUD within 90 days after the close of each fiscal year.

Condition:

The Authority did not submit it quarterly financial status reports SF-272 and related Grantee Performance Reports to HUD's Community Planning and Development (CPD) Office within the 90 day period. The report had not been submitted as of May 31, 2006.

Cause:

Accounting personnel failed to compile and reports due to lack of staff in the Authority's Research, Planning & Evaluation (RP&E) Division.

Effect:

The Authority is not in compliance with HUD reporting requirements.

Recommendation:

The RP&E Program Manager should closely monitor all reporting requirement applicable to the CPD programs to ensure timely submission all financial reports. Additionally, an evaluation of the current workload and workflow process should be conducted for the accountant in charge of the Authority's CPD grant programs to determine if additional staff or training is needed.

Auditee Response/Corrective Action Plan:

GHURA RP&E concurs with the Auditor's finding.

Staff shortage in the RP&E Division resulted in a temporary lapse in the ability to meet timely reporting requirements. Two actions have been taken to correct this condition.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-22, continued

Area: Reporting – HUD Community Planning Development Grants

CFDA No. 14.225, 14.231, 14.235, 14.238 and 14.239

Auditee Response/Corrective Action Plan:

First, GHURA RP&E has acquired a comprehensive financial management software product to support the accounting of CPD-funded activities. RP&E began this process in September 2005 with a series of meetings with the Acting Controller, Data Processing Supervisor and CPD managers to outline the data capture and reporting requirements of a new system. Procurement was then able to conduct the proposal process to identify a suitable product.

In November 2005, GHURA CPD acquired the MIP fund accounting package with system support and training. MIP is a standardized accounting software package. The modular components allow RP&E to “design” a system that fully supports our compliance and reporting requirements.

RP&E will continue the full use its current software, Quickbooks, while data input and report testing continues for MIP. Parallel systems will continue until satisfactory results are achieved.

Second, RP&E has conducted a thorough evaluation of the accounting staff requirements. We are now soliciting two additional accounting positions. When hiring is completed, the CPD accounting staff will include an Accountant III in the senior position, two Accountant I positions and one Accounting Technician I. This hiring effort began several months ago. However, we have been hampered by a lack of qualified applicants, especially for the senior accounting position.

The combined implementation of new software and the hiring of appropriate staff will enable RP&E to resume timely submission of annual Grantee Performance Reports and other reporting requirements for CPD-funded activities. The CPD financial management system will also improve on our ability to provide the GHURA fiscal office with comprehensive reporting of project and operation activities for integration into the consolidated GHURA financial reporting structure.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-23

Area: Accounting Department – State/Local Programs

CFDA No. N/A

Criteria:

The Authority should operate and maintain funds for all active programs.

Condition:

The Authority maintains various State/Local programs for which there is virtually no or little activity apart from the recording of interest income. Many of these programs have cash balances and capital assets that remain under the stewardship of the Authority; however, it appears that the following programs are either dormant or have fulfilled their respective mandates:

Sinajana Non-Title I	Sinajana/Asan Rehabilitation
Naura Project	War in the Pacific
Local Project	Yona Rehabilitation Loan Escrow
Government of Guam	Program Income Account – Sinajana
Sinajana Urban Renewal Authority	Program Income Account – Asan

Cause:

Management has not taken action to investigate for specific purposes to determine the fulfillment of the programs and ownership of remaining assets.

Effect:

There is no material effect on the financial statements as a result of the above condition. However, the Accounting Department uses limited resources to continue to account for assets and liabilities of the above programs.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Finding No. 05-23, continued

Area: Accounting Department – State/Local Programs

CFDA No. N/A

Recommendation:

The Authority should conduct investigation to determine whether these inactivity programs fulfilled their respective purpose and ascertain the ultimate ownership of remaining assets. The Authority's management consult with the Guam Compiler of Laws to seek assistance in making such a determination. If it determined that the mandates have been fulfilled and remaining assets are the property of the Authority, such programs should be closed and the assets should be sold, disposed and used for current operations.

Auditee Response/Corrective Action Plan:

We agree with the finding. We will be taking necessary actions to resolve the pending status of the local open programs during FY 2006.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings

Finding No. 04-01 – Low Income Public Housing

Condition: Six (6) or 10% of sixty (60) tenant files tested, tenant folders lacked certain documentation for the current period or was missing signatures from the Authority's officials.

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct.

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-01. Therefore this finding is considered unresolved. This recurring findings appears to result from a lack of internal control monitoring procedures performed by Supervisors in a timely manner.

Finding No. 04-02 – Low Income Public Housing

Condition: Six (3) or 5% of sixty (60) tenant files tested, where either incomplete or no documentation was obtained for the recertification of tenants.

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct.

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-02. Therefore this finding is considered unresolved. This recurring deficiency results from a lack of internal control monitoring procedures in a timely manner and management's inability to enforce existing internal control policies and procedures.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-03 – Low Income Public Housing

Condition: Four (4) or 5% of sixty (60) tenant files tested, information and household composition reported on the Family Report (HUD-50058) did not match information provided by third-party verification.

Corrective

Action: Reduce or eliminate sloppy and careless work performed by staff and enforce productivity and accountability and increase supervisory monitoring over staff processing of all admissions and re-examination processes.

Auditor's

Response: Management corrected this particular finding; however, as similar deficiencies were cited in current year Finding No. 05-03. Therefore this finding is considered unresolved. This recurring deficiency results from a lack of internal control monitoring procedures in a timely manner by supervisors and management's inability to enforce existing internal control policies and procedures.

Finding No. 04-04 – Low Income Public Housing

Condition: Six (6) or 10% of sixty (60) tenant files tested lacked documentation such as birth certificates, social security cards, etc., to substantiate household composition.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-05 – Low Income Public Housing

Condition: For six (6) or 10% of sixty (60) tenant files tested, information on the Dwelling Lease Agreement was either incomplete or did not agree to information recorded on the Family Report (form HUD-50058).

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct. Management will monitor and consistently evaluate staff needs for training/technical assistance.

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-03 indicative that its internal control policies and procedures are not being enforced and closely monitored. Therefore this finding is considered unresolved.

Finding No. 04-06 – Low Income Public Housing

Condition: For eleven (11) or 18% of sixty (60) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection was incomplete.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-07 – Low Income Public Housing

Condition: For four (4) or 7% of sixty (60) tenant files tested, there were miscalculations on the tenant's total annual income reported on the Family Report (form HUD-50058).

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct. Management will monitor and consistently evaluate staff needs for training/technical assistance. To reduce or eliminate deficiencies, the Senior TRA is required to identify repeated processing weaknesses and provide one-to-one training and counseling to respective TRA(s). TRAs with problems accurately calculating income and rent will be required to utilize the online income and rent self-paced training provided by HUD. TRAs who continue make costly errors will be disciplined in accordance with GHURA's personnel policies.

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-04 indicative that the Authority's internal control monitoring policies and procedures ineffective, supervisors are not conducting thorough reviews, additional training is needed or certain staff may not be unable to perform the required tasks. Therefore this finding is considered unresolved.

Finding No. 04-08 – Low Income Public Housing

Condition: For two (2) or 3% of sixty (60) tenant files tested, the tenant's annual income did not reflect the earned income disregard policy from the start of the tenant's employment.

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct. Management will monitor and consistently evaluate staff needs for training/technical assistance. To reduce or eliminate deficiencies, the Senior TRA is required to identify repeated processing weaknesses and provide one-to-one training and counseling to respective TRA(s). TRAs with problems accurately calculating income and rent will be required to utilize the online income and rent self-paced training provided by HUD. TRAs who continue make costly errors will be disciplined in accordance with GHURA's personnel policies.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-08 – Low Income Public Housing, continued

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-05 indicative that the Authority's internal control monitoring policies and procedures ineffective, supervisors are not conducting thorough reviews, additional training is needed or certain staff may not be unable to perform the required tasks. Therefore this finding is considered unresolved.

Finding No. 04-09 – Low Income Public Housing

Condition: For two (2) or 3% of sixty (60) tenant files tested, there was either an underpayment or overpayment of tenant rent due to late recertifications processed which did not account for changes in tenant's income or employment status.

Auditor's

Response: This finding is considered resolved.

Finding No. 04-10 – Low Income Public Housing

Condition: For three (3) or 5% of sixty (60) tenant files tested, the tenant's annual income was incorrect due to miscalculations of overtime or other incentive pay according to information on third-party verification or check stubs.

Corrective

Action: Management mandated increased tenant file reviews by the Senior TRA in an effort to ensure that each file is complete in accordance with the File Documentation Review Checklist and rent and income calculations are correct. Management will monitor and consistently evaluate staff needs for training/technical assistance. To reduce or eliminate deficiencies, the Senior TRA is required to identify repeated processing weaknesses and provide one-to-one training and counseling to respective TRA(s). TRAs with problems accurately calculating income and rent will be required to utilize the online income and rent self-paced training provided by HUD. TRAs who continue make costly errors will be disciplined in accordance with GHURA's personnel policies.

Auditor's

Response: Management corrected this particular finding; however, a similar deficiency was cited in current year Finding No. 05-05 indicative that the Authority's internal control monitoring policies and procedures ineffective, supervisors are not conducting thorough reviews, additional training is needed or certain staff may not be unable to perform the required tasks. Therefore this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-11 – Low Income Public Housing

Condition: For forty-two (42) or 70% of sixty (60) tenant files tested, lease agreements were extended and exceeded the one year lease period.

Corrective

Action: Management prohibits the use of the Lease Agreement form for the purpose of extending a tenant's lease. All or any late submission must be brought to compliance as soon as possible. Staff have been informed that all annual re-examinations must be prepared and completed 120 to 90 days prior to the tenant's anniversary date. Any annual re-examinations that have not been completed within 90 to 120 days will be considered late and staff may be subject to disciplinary action in accordance with the Authority's Personnel Rules and Regulations.

Auditor's

Response: The Authority is not completing recertification in a timely manner. Staff inappropriately continued to extend lease agreements by using the Lease Amendment Form. A similar deficiency was cited in current year Finding No. 05-07 indicative that the Authority's internal control monitoring policies and procedures ineffective, supervisors are not conducting thorough reviews, additional training is needed or certain staff may not be unable to perform the required tasks. Therefore this finding is considered unresolved.

Finding No. 04-12 – Section 8 HCV

Condition: Five (5) or 8% of the sixty (60) vouchers tested, the tenant folders had missing documentation.

Corrective

Action: Management has mandated increased tenant file reviews by the Contract Control Analyst in an effort to ensure that each file is complete in accordance with the File Document Review Checklist and rent and income calculations are accurate. To reduce or eliminate recurring deficiencies, the CCAs are required to identify repeated processing weakness and provide one-to-one training and counseling to the respective TRA(s). Staff who have been determined to continuously make costly errors, will be disciplined in accordance with GHURA's personnel policy.

Auditor's

Response: The plan of corrective action did not resolve the finding. A similar deficiency was cited in current year Finding No. 05-08 indicative that the Authority's internal control monitoring policies and procedures ineffective, and CCA are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-13 – Section 8 HCV

Condition: Four (4) or 7% of the sixty (60) vouchers tested, information on the Family Report (form HUD-50058) was either incorrectly inputted or did not match the information provided per third-party verification.

Corrective

Action: Management has mandated increased tenant file reviews by the Contract Control Analyst in an effort to ensure that each file is complete in accordance with the File Document Review Checklist and rent and income calculations are accurate. To reduce or eliminate recurring deficiencies, the CCAs are required to identify repeated processing weakness and provide one-to-one training and counseling to the respective TRA(s). Staff who have been determined to continuously make costly errors, will be disciplined in accordance with GHURA's personnel policy.

Auditor's

Response: In addition to the above, the Authority indicated that it would review 20% of tenant files for quality control. The plan of corrective action did not resolve this finding. A similar deficiency was cited in current year Finding No. 05-09 indicative that the Authority's internal control monitoring policies and procedures ineffective, and CCA are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

Finding No. 04-14 – Section 8 HCV

Condition: Three (3) or 5% of the sixty (60) vouchers selected, the tenant folders had missing signatures.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-15 – Section 8 HCV

Condition: Five (5) or 8% of the sixty (60) vouchers selected, the tenant's annual income and tenant rent were incorrectly calculated due to misinformation reported in Family Report, which did not agree to third party verification forms.

Corrective

Action: Management has mandated increased tenant file reviews by the Contract Control Analyst in an effort to ensure that each file is complete in accordance with the File Document Review Checklist and rent and income calculations are accurate. To reduce or eliminate recurring deficiencies, the CCAs are required to identify repeated processing weakness and provide one-to-one training and counseling to the respective TRA(s). Staff who have been determined to continuously make costly errors, will be disciplined in accordance with GHURA's personnel policy.

Auditor's

Response: In addition to the above, the Authority indicated that it would review 20% of tenant files for quality control. The plan of corrective action did not resolve this finding. A similar deficiency was cited in current year Finding No. 05-10 indicative that the Authority's internal control monitoring policies and procedures ineffective, and CCA are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

Finding No. 04-16– Section 8 HCV

Condition: Three (3) or 5% of the sixty (60) vouchers selected, the tenant's annual income and tenant rent were incorrectly calculated due to inclusion of additional wages considered to be holiday pay, which should be accounted for as regular wages.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-17 – Section 8 HCV

Condition: Three (3) or 5% of the sixty (60) vouchers selected, the tenant's overtime wages on the Family Report were miscalculated.

Auditor's

Response: This finding is considered resolved.

Finding No. 04-18 – Section 8 HCV

Condition: Two (2) or 3% of the (60) vouchers selected, the Rent Reasonableness form did not state whether the proposed rent from the owner is reasonable.

Auditor's

Response: This finding is considered resolved.

Finding No. 04-19 – Section 8 HCV

Condition: It is noted that all sixty (60) vouchers selected for testing had different payment standards reported on the Family Report, which did not agree to the payment standards that was approved by HUD. Although all of the vouchers tested did not follow the HUD payment standards, twenty-eight (28) or 47% of the 60 vouchers had overpayments of monthly housing assistance payment (HAP) to the landlords.

Corrective

Action: The Section 8 will ensure that the correct payment standard is used by the staff. Staff will be informed whenever the payment standards have changed and ensure that the MIS division uploads the correct payment standard code into the system. The Section 8 Administrator will consistently monitor tenant contract to ensure the appropriate payment standards are being used by staff. The CCA will also review each contract prior to signing of contracts to ensure the correct payment standard is used and that the rent and income is calculated correctly. The incorrect use of a payment standards, despite staff notification will be disciplined in accordance with the Authority's Personnel Rules and Regulation.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-19 – Section 8 HCV, continued

Auditor's

Response: We observed management conducting a review of tenant to correct misapplication of the payment standards; however, the plan of corrective action did not resolve this finding. A similar deficiency was cited in current year Finding No. 05-11. Of the 40 vouchers tested in during the 2005 audit, we only noted 4 or 10% of the vouchers tested contained errors which reflects an improvement over the prior year and have been an oversight. However, this finding is still considered unresolved.

Finding No. 04-20 – Section 8 HCV

Condition: Per the Section 8 Management Assessment Program (SEMAP) Certification for fiscal year ending September 30, 2004, the Authority stated that it does not maintain an up-to-date utility allowance scheduled; nor has it reviewed utility rate data that it obtained within the last twelve months and adjusted their utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance scheduled was revised.

Corrective

Action: The Board of Commissioners approved the contract of to conduct the Energy Audit and Utility Allowance Schedule for both housing programs (i.e. Section 8 and Public Housing). The Energy Audit and Utility Allowance Schedule was completed in June 2005.

Auditor's

Response: We concur that management conducted an energy audit and utility allowance schedule; however, utility rates increased in excess of 10% and the Authority was unable to update its utility schedule as required by 24 CFR 982.517 as cited in Finding No. 05-12. Therefore, this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-21 – Section 8 FSS

Condition: Eleven (11) or 44% of the twenty-five (25) participant files selected, cumulative balances of the participant's FSS escrow were miscalculated.

Corrective

Action: The FSS Program is currently revamping its operations to increase efficiency and ensure accurate accounting of escrow balances:

The Program Coordinator will ensure that credits are reviewed and updated on a monthly basis. Each credit must be properly documented and verified for each tenant.

The Program Coordinator managing case management will re-organize, consolidate and maintain FSS tenant files. Tenant files shall contain complete information regarding each participant per household; the COP; progress reports in meeting FSS goals, Escrow monthly credit worksheets, documentation to support each credit applied or not applied; and a chronology to successfully track the work history, case management and other pertain activities of the participant.

Auditor's

Response: A similar deficiency was cited in current year Finding No. 05-13. We noted that the monitoring procedures are not strictly adhered to ensure that all escrow balances are reviewed in a timely manner. Therefore this finding considered unresolved.

Finding No. 04-22 – Section 8 FSS

Condition: For three (3) or 12% of the twenty-five (25) participant files tested, documentation was not available substantiate disbursement of Escrow account balances.

Auditor's

Response: This finding considered resolved.

Finding No. 04-23 – Section 8 FSS

Condition: For three (3) or 12% of the twenty-five (25) participant files tested, documentation was either incorrect or incomplete information on to calculate escrow balances.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-24 – Travel

Condition: For four (4) or 20% of the twenty (20) travel disbursements tested, employee off-island their trip reports past the ten-working-day period.

Auditor's

Response: This finding is considered resolved.

Finding No. 04-25 – Travel

Condition: For one (1) or 5% of the twenty (20) travel disbursements tested, no documentation was provided to substantiate the travel expense.

Corrective

Action: Adherence to the Travel Policy will be enforced. The Executive Director has identified the Special Assistant to monitor and ensure that all travel requirements are submitted in a timely manner. The Travel Committee was designated to track and remind travelers of their requirement to submit their travel and expense reports within ten days of return from off-island.

Auditor's

Response: It was noted above that the Authority designated a Special Assistant to monitor employee adherence to the its travel policy; however, we noted continued late submissions in current year Finding 05-21. Therefore, this finding is considered unresolved.

Finding No. 04-26 – Payroll

Condition: For one (1) or 3% of the thirty (30) personnel files tested, annual leave forms were properly signed by the supervisor.

Auditor's

Response: It was noted that the finding has been rectified and reconciled to ensure that leave balances are properly credited. Therefore, this finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2004 Audit Findings, continued

Finding No. 04-27 – Automated Clearing House (ACH) Policy

Condition: The Authority lacks a comprehensive ACH policy to safeguard assets and provide for proper segregation of duties and mitigate fraudulent transactions.

Corrective

Action: Management will identify key personnel to further address specific issues, such as, proper segregation of duties, prevention and detection of potential fraud, direct deposit authorization, and ACH processing. The final product will result in a development, documented, adopted, and implemented policy. The MIS Division continues to collaborate with the Fiscal and Program Divisions to assess the progress of the systems upgrade.

Auditor's

Response: The Authority has commenced efforts to develop a comprehensive ACH policy inclusive of flowcharts, segregation of duties, internal control procedures to detect and prevent potential fraud; however, a comprehensive plan has not been documented as noted in Finding 05-14. Consequently, this finding is considered unresolved.

2003 Audit Findings

Finding No. 03-19—Travel

Condition: For two (2) or 17% of the twelve (12) travel disbursements tested, the employees that attended off-island training submitted their trip reports past the ten-working-day period, which ranged from ten to twenty-one days past the mandatory period as per the Authority's Travel Policy.

Auditor's

Response: This finding is considered resolved.

Finding No. 03-20—Travel

Condition: For four (4) or 33% of the twelve (12) travel disbursements tested, the employees did not submit a Trip Expense Report within the ten working day period, which ranged from eleven to thirty-three days over the mandatory period as per the Authority's Travel Policy.

Auditor's

Response: This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

2002 Audit Findings

Finding No. 02-11 – CPD/Section 8 Late Travel Trip Reports

Condition: Trip reports were submitted more than 10 days after the trip and not in compliance with the Authority's travel policy.

Auditor's

Response: This finding is considered resolved.

Finding No. 02-12 – CPD/Section 8 Late Travel Expense Reports

Condition: Employee trip expense reports submitted late after the ten working day period and not in compliance with the Authority's travel policy.

Auditor's

Response: This finding is considered resolved.

2001 Audit Findings

Finding No. 01-12 - Family Self-Sufficiency (FSS)

Condition: Overpayment of FSS escrow funds to a participant who has graduated from the program on 6/30/01 resulted in a questioned cost of \$10,017.

Corrective

Action: No receivable due from HAP #5914 was recorded in the Authority's general ledger for the mere fact that no funds have been received to date. The court order judgment states that the individual must reimburse the authority at least \$100 per month until the full amount is reimbursed. HAP #5914 has not taken action concerning the judgment and as of December 2004, legal actions have been filed in court to enforce the judgment.

Auditor's

Response: It is recommended that the Authority should recover the funds through a Collection Agency and through the Guam Department of Revenue and Taxation via a tax offset. Therefore, this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2005

1998 Audit Findings

Finding No. 98-16 – Financial Management System

Condition: The Authority did not record transactions to the general ledger in a timely manner and there was a lack of reconciliation of program expenditures between the Fiscal and Programs Divisions, as well as financial statements not being prepared in a timely manner. The finding relates to the implementation of a Financial Management System (FMS) to allow full integration and interface of the program activity with the general ledger for financial reporting.

Corrective

Action: The Authority is working with its current software vendor to develop who installed modules that would fully interface its general ledger with its other programs and training has been will be provided to each user.

Auditor's

Response: A new software system; however, the Authority is having problems with various modules (fixed assets, A/R and A/P aging reports) and is still working very closely with the software vendor as cited in current year Finding 05-17 thru 05-19. Therefore, this finding is considered unresolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs September 30, 2005

	<u>Beginning Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
Total unresolved questioned costs for fiscal year 2001	\$ 10,017	\$ 10,017	\$ -	\$ -
Total unresolved questioned costs for fiscal year 2002	-	-	-	-
Total unresolved questioned costs for fiscal year 2003	26,470	-	-	26,470
Total unresolved questioned costs for fiscal year 2004	33,588	-	-	33,588
Questioned costs for fiscal year ending 2005	<u>12,609</u>	<u>-</u>	<u>-</u>	<u>12,609</u>
Total unresolved questioned costs at September 30, 2005	<u>\$ 82,684</u>	<u>\$ 10,017</u>	<u>\$ -</u>	<u>\$ 72,667</u>

Note 1: The Authority considers the 2001 questioned costs resolved pursuant guidelines set forth at OMB Circular A-133, Section .315(b)(4).