

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

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

**And Additional Information**

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**For The Year Ended September 30, 2006**

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
**(a Public Corporation)**

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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, 2006, 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 audits 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 of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GHURA's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinions.

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, 2006, 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 126 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 194 to 198 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 May 29, 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  
May 29, 2007

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

## **PROFILE OF THE AUTHORITY**

### **Our Mission**

To assure the availability of quality housing for low-income persons and to promote the civic involvement and economic self-sufficiency of residents and to further the expansion of affordable housing on Guam.

### **General Information**

The Guam Housing and Urban Renewal Authority (GHURA) was established December 18, 1962, out of the catastrophic destruction brought to the island of Guam by Typhoon Karen in November 1962. After 90% of the island's buildings were destroyed by the typhoon, the Sixth Guam Legislature created the Authority by virtue of Public Law 6-135. After the Authority was organized and staffed, immediate rehabilitation plans were drawn up.

Since that time GHURA has taken giant strides forward in upgrading communities and providing housing for the people of Guam. We have provided 750 Public Housing units at scattered sites around the island and continue to provide rental assistance on 2,515 Section 8 Housing Choice Vouchers.

The Authority is governed by a seven-member Board of Commissioners appointed by the Governor of Guam with the approval of the Guam Legislature. One board member is a resident of the Authority. The Executive Director reports to the Board of Commissioners. The Authority has a budgeted staff of 105 in 8 major divisions: Executive Management; Administration consisting of Fiscal, Human Resources, Management Information Systems, Procurement; Section 8 and Family Self-Sufficiency; Public Housing, Maintenance, and Family Self-Sufficiency; Research, Planning and Evaluation; Community Development; Architectural/Engineering; and Modernization.

The Administration Division establishes and oversees policy and provides direction for activities throughout the Authority. Responsibilities include ensuring overall compliance with applicable laws and regulations, as well as adherence to established goals necessary to fulfill the agency's mission.

## **QUALITY HOUSING**

The Guam Housing and Urban Renewal Authority will strive to achieve a high level of quality in the physical environment of its properties through:

- Effective and efficient maintenance and repair programs and services.
- Application of effective security strategies.
- Involvement of residents in maintenance, management and security strategies.
- The application of sound design solutions to modernization/rehabilitation and new development efforts.



## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Progress**

- Started site teams to take an inter-departmental, inter-disciplinary approach to problems at public housing sites. Staff teams will work directly with residents to develop resident-driven strategies for problem solving.
- Energy improvements such as new lighting are being installed in resident units.
- All occupied units were inspected through the Uniform Physical Condition Standards.
- Work orders are completed within 25 calendar days; emergency work orders are completed and/or abated within 24 hours.
- Major renovation projects are being addressed in all developments, such as exterior painting, soil erosion, and vacancy reduction.

#### **RESIDENTS**

The Guam Housing and Urban Renewal Authority will direct its efforts to assist residents to improve their quality of life through support of:

- Civic involvement of residents in their community (developments, neighborhoods).
- Attainment of economic self-sufficiency and sustainability.
- Access to and utilization of resources of technology, training and education.
- Access to resources for and the development of skills in conflict resolution.

#### **Progress**

- The Resident Advisory Board was created to assist the Authority with developing 5-year goals and provide input into management practices.
- Residents have participated and graduated in the Family Self-Sufficiency Program and a number of current participants have escrow accounts.

#### **IMPACT ON THE ECONOMY**

The Guam Housing and Urban Renewal Authority will positively impact the economy of Guam through:

- Achieving maximum utilization of the Section 8 Program including adopting strategies for the utilization of the program to increase the supply of affordable housing units.
- Adopting procurement policies and practices that support, to the fullest extent permitted by law, local, minority-owned and women-owned businesses.
- Undertaking strategies to assist residents to obtain employment in order to increase their buying power.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Progress**

- Approximately \$16.8 million was awarded in contracts to local contractors, architects and vendors for modernization projects at public housing sites, and construction and renovation projects under the Community Development Block Grants.
- The Authority has achieved 100% Section 8 utilization.
- The Public Housing Division has achieved a 95% occupancy rate since September 2006.

As the management of the Guam Housing and Urban Renewal Authority (the "Authority"), a component unit of the Government of Guam, we offer readers the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 26.

#### **Financial Highlights**

- The Authority had revenues of \$41,517,327 and expenses of \$38,290,230 for the year ended September 30, 2006 (\$39,739,371 and \$41,637,090 for the year ended September 30, 2005), representing an increase of \$1,777,956 and a decrease of \$3,346,860 (approximately 4.5% and 8.0%), respectively, from September 30, 2005.
- Total assets of the Authority increased by \$3,634,223 or approximately 6.9% as of September 30, 2006.
- The Authority's cash and cash equivalents at September 30, 2006 totaled \$13,238,620, an increase of \$5,153,249, or approximately 63.7%, from September 30, 2005.
- The Authority's working capital increased by \$6,848,442, or approximately 35.7% at September 30, 2006.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **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.

#### **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.

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

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.

### **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 31 through 55 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 126 of this report.

### **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.

## Guam Housing and Urban Renewal Authority

### MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2006

## The Authority's Funds

### Business Type Funds

#### **Conventional Public Housing**

Public Housing was established to provide decent, safe, and sanitary rental housing for eligible families, the elderly, and persons with disabilities. Public Housing comes in all sizes and types – from scattered single-family houses to clustered units for elderly families or persons with disabilities.

GHURA owns and operates 750 units of Conventional Public Housing consisting of nine developments, one of which is an elderly development.

	0 BR	1 BR	2 BR	3 BR	4 BR	5+ BR	Totals
# of units	0	102	150	304	117	77	750

The Authority is dedicated to providing quality, public and affordable housing for all. Each of our developments is a special place, reflecting the rich diversity in the experiences and backgrounds of our residents and the surrounding neighborhoods. We welcome people from many walks of life and enjoy being part of their lives in a meaningful way by providing decent, safe, sanitary, and affordable housing. We work diligently to create positive living environments to enhance the quality of life for our residents.

At the end of FY2006, the Authority had an occupancy rate of 95.2%.

#### **Capital Fund Program**

In order to maintain its public housing inventory as a viable source of affordable housing, the Authority develops an annual Capital Improvement Plan. Through the Capital Fund Program, the Authority receives an annual formula grant of approximately \$2 million to implement such plans.

The Modernization (MOD) Division is responsible for carrying out the capital improvements program for the Public Housing family and elderly developments. The Capital Fund Program includes the development and oversight of state and federal (HUD-funded) capital budgets and the selection and management of consultants and contractors. The MOD Division is responsible for all aspects of project management, from the planning stage through design, bidding, and construction.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Section 8 Housing Choice Voucher Program**

While our public housing program is very important to many people, equally important is our rental housing subsidy program, which is known as the Section 8 Housing Choice Voucher (HCV) program. Our rental subsidies allow families and individuals the opportunity to rent from a private landlord and have their rent subsidized so that it remains affordable for them. Families pay the property owner a portion of the rent based upon their income (30% of their income) and GHURA pays the difference to the landlord.

Families are free to choose where they live and to transfer their assistance when they move. Through a transfer process called portability, Voucher participants can move almost anywhere in the United States.

Units rented through the Section 8 program must pass a basic health and safety inspection, known as a Housing Quality Standards (HQS) inspection. The rent for the unit must also be reasonable and comparable to rents for similar units in the neighborhood.

Property owners who participate in the Section 8 Housing Choice Voucher Program can receive market rate rents and reliable assistance payments from GHURA. Participating owners continue to manage their rental units and screen and select their own tenants.

GHURA's Section 8 program currently serves nearly 2,515 low-income families in Guam.

#### **Mainstream Program**

The Mainstream Program assists low-income people with disabilities who face difficulties locating suitable, accessible housing in the private market. The program is designed to help tenants with disabilities live independently in the community. Mainstream tenants are selected from the existing Section 8 waitlist.

#### **Family Unification Program**

The Family Unification Program (FUP) helps to reunify families whose lack of adequate housing is a primary factor in the placement of the children in out-of-home care, or whose lack of adequate housing has delayed the children's return from out-of-home care.

#### **Family Self Sufficiency Program**

The Resident Initiatives and Coordination (RIC) Division is responsible for the delivery of programs and services to the Public Housing and Section 8 residents. The mission of the RIC Division is to expand employment opportunities and skills training for the GHURA residents; to respond to the individual social service needs of youths, families and seniors; and to build the capacity of local tenant organizations by providing training and technical assistance. In pursuit of this mission, the department will strengthen its existing collaborations and initiate new partnerships to expand access to social, educational, vocational, health and other critically needed services.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

The Family Self-Sufficiency Program (FSS) is designed to help families receiving rental assistance to become self-supporting. This program is voluntary and open to all families receiving assistance through the Authority. The only requirements are a desire to become self-sufficient and a willingness to take the steps to make this happen. The FSS Program provides support and assistance to the entire family.

The FSS Escrow Account is established to help you and your family save money in order to become more self-sufficient. When your rent goes up due to an increase in your earnings, the amount of the increase will be placed in a savings account for you and your family. You will receive all of the money in your account, plus interest, when the FSS Contract is successfully completed.

#### **Community Planning and Development Funds**

On a yearly basis, Guam receives funds from HUD Community Planning and Development for use to address housing and community development needs in Guam. The Guam Housing and Urban Renewal Authority (GHURA) is the administrator of these funds from HUD CPD for the island as received in the form of three formula grants - the Community Development Block Grant (CDBG), the Home Investment Partnership Grant (HOME), and the Emergency Shelter Grant (ESG) and one competitive grant collectively referred to as the Continuum of Care (CoC) Grant.

For Program Year 2005, a total of \$4,276,036.00 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$1,382,283.00 were approved for activities in Program Year 2005. Project selection was based on the review of applications submitted by community groups for activities which would satisfy the needs and goals outlined in the report "Guam's FY2005-2009 Consolidated Plan". In total, there were 30 activities either underway at the beginning of the program year or which began during the program year.

The 30 activities represent not only Fiscal Year 2006 activities, but all activities which are currently funded and still underway in the FY2006, including those funded in previous years.

#### **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. In FY2006, the new activities as provided for under the Consolidated Plan for this grant include:

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

1. Economic Development
  - a. To provide loans, financial support, technical assistance, and business services for micro enterprise
2. Public Facilities and Improvement
  - a. To expand a regional health care facility
  - b. To construct one police precinct
  - c. To construct one fire station
  - d. To acquire and construct one new transitional housing facility for homeless men with substance abuse issues
  - e. To construct one community center, sport center, or recreational facility
3. Public Service
  - a. To fund one homeless assistance center
  - b. To fund one transitional housing facility for homeless men with substance abuse issues

#### **Emergency Shelter Grants (ESG)**

The Emergency Shelter Grants program provides homeless persons with basic shelter and essential supportive services. It can assist with the operational costs of the shelter facility, and for the administration of the grant. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs. In FY2006, the new activities as provided for under the Consolidated Plan for this grant include:

1. To fund essential services, operating costs and homeless prevention activities.

#### **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. In FY2006, the new activities as provided for under the Consolidated Plan for this grant include:

1. Housing for Special Needs
  - a. To acquire and construct one group home for adults with disabilities
  - b. To construct a group home with residential treatment services for adults with serious emotional disabilities
2. Homeowner Rehabilitation
3. First Time Homebuyer Down Payment and Closing Cost Assistance
4. Construction of affordable single family dwellings



## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Shelter Plus Care Program**

GHURA's Shelter Plus Care Program (S + C) provides affordable housing and support services to homeless people living on the street. To qualify for assistance, participants must be homeless and disabled by chronic alcohol or drug problems, serious mental illness, or AIDS and Related Disorders. In addition to receiving a rental subsidy, Shelter Plus Care participants receive support services through a network of local service agencies. In FY2006, the new activities as provided for under the Consolidated Plan for this grant include:

1. Continuum of Care Grants (CoC): Homeless assistance activities

#### **State and Local Funds / Other Enterprise Funds**

Consist of various community projects funded through the local government and grants-in aid. These funds include 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**  
**September 30, 2006**

**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**

**STATEMENT OF NET ASSETS**

	2006 (in millions of dollars)	2005 (in millions of dollars)	2004 (in millions of dollars)
Current Assets	\$ 17.9	\$ 12.5	\$ 11.8
Capital Assets and Other, Net	37.2	39.4	42.8
Other Non-Current Assets	1.1	0.7	0.6
Total Assets	<u>56.2</u>	<u>52.6</u>	<u>55.2</u>
Current Liabilities	6.7	8.1	6.4
Long-Term Debt, Net	1.6	1.6	1.6
Other Non-Current Liabilities	0.3	0.2	0.2
Total Liabilities	<u>8.6</u>	<u>9.9</u>	<u>8.2</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	35.6	37.8	41.2
Restricted	0.5	0.4	1.2
Unrestricted	11.5	4.5	4.6
Total Net Assets	<u>\$ 47.6</u>	<u>\$ 42.7</u>	<u>47.0</u>

During 2006, there was an overall increase in assets of \$3.6 million. The increase was primarily attributable to current year operations and period charges. Cash provided by the Housing Choice Voucher and Public Housing programs (\$3.8 and \$0.5 million, respectively) and from land sales (\$0.9 million); a \$0.2 million increase of accounts receivable; a net decrease in capital assets and properties held for sale of \$2.2 million (additions, deletion, depreciation and reduction in properties held for sale) and an increase in promissory loan receivables of \$0.4 million.

For more detailed information see pages 26 through 30 for the Statement of Net Assets.

**Guam Housing and Urban Renewal Authority**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

**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, 2006.

**TABLE 2**

**CHANGE IN UNRESTRICTED NET ASSETS**

	2006 Amount (millions of <u>dollars</u> )	2005 Amount (millions of <u>dollars</u> )	2004 Amount (millions of <u>dollars</u> )
Unrestricted Net Assets at End of Year	\$ 11.5	\$4.5	\$4.6
Results of Operations	3.2	-1.9	0.4
Adjustments:			
Depreciation (1)	2.4	2.4	2.2
Adjusted Results from Operations	5.6	0.5	2.6
Reclassification to Restricted Assets	0.0	0.0	0.5
Capital Activity, net	-0.3	0.0	-2.5
Prior period adjustment	<u>1.7</u>	<u>-0.6</u>	<u>0.0</u>
Unrestricted Net Assets at Beginning of Year	<u>\$ 4.5</u>	<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, 2006**

**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.

	2006 (millions of dollars)	2005 (millions of dollars)	2004 (millions of dollars)
Revenues:			
Operating Subsidies and Grants	\$37.8	\$37.6	\$40.3
Capital Grants	0.8	0.7	2.1
Other Income	2.5	1.1	1.2
Tenant Revenue – Rents and Other	0.3	0.2	0.2
Investment Income	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Revenue	<u>41.5</u>	<u>39.7</u>	<u>43.9</u>
Expenses:			
Housing Assistance Payments	24.6	27.7	30.3
Administrative	7.7	6.1	7.4
Depreciation	2.5	2.4	2.2
Maintenance	2.4	4.2	2.9
Tenant Services	0.5	0.4	0.1
General and Other	0.4	0.6	0.4
Utilities	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total Expenses	<u>38.3</u>	<u>41.6</u>	<u>43.5</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$3.2</u>	<u>\$ (1.9)</u>	<u>\$ 0.4</u>

**Guam Housing and Urban Renewal Authority**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

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

**Revenues**

Tenant Revenue

Tenant related revenue, which accounted for 0.72% of total current year revenues, increased by \$70,210, or approximately 28.9%, from the prior year. This increase is attributed to increased tenant charges for the period, timelier tenant recertifications and compliance enforcement efforts.

Operating Subsidies and Grants

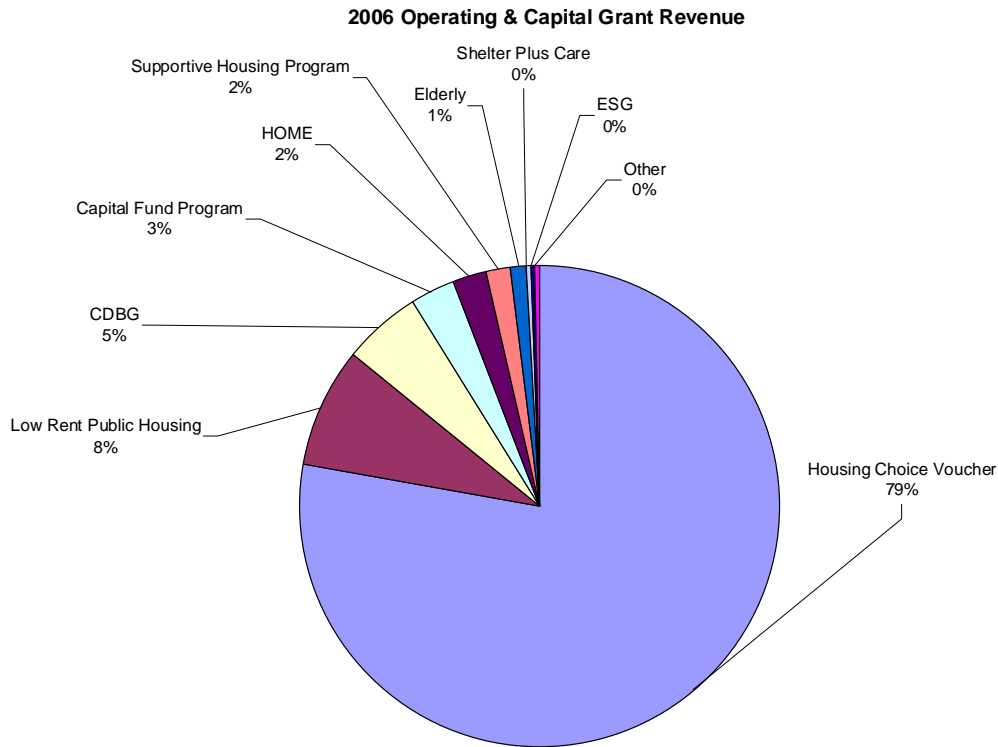
Operating subsidies, operating and capital grant revenue increased by a net \$0.2 million, or approximately 0.5% from the prior year. The net increase resulted primarily from increases of \$1.4 million in Housing Choice Voucher program funding; \$0.4 million in Continuum of Care grants (Supportive Housing and Shelter Plus programs); \$0.2 million in Capital Grant program activities, and a combined decreases of \$1.8 million in Community Planning and Development grants (CDBG and HOME programs, \$0.4 million and \$0.9 million, respectively) and Low Rent Public Housing program funding (\$0.5 million) for 2006, respectively.

The following table and chart summarizes the major program sources of operating and capital grant revenue for 2006.

**Operating and Capital Grant Revenue by Major Program Sources**

<b><u>Program</u></b>	<b><u>2006</u></b> <b><u>(in</u></b> <b><u>millions)</u></b>	<b><u>As a %</u></b>	<b><u>2005</u></b> <b><u>(in</u></b> <b><u>millions)</u></b>	<b><u>As a</u></b> <b><u>%</u></b>	<b><u>2004</u></b> <b><u>(in</u></b> <b><u>millions)</u></b>	<b><u>As a %</u></b>
Housing Choice Voucher	\$30.1	77.9%	\$28.6	74.7%	32.0	75.5%
Low Rent Public Housing	3.0	7.9%	3.6	9.4%	3.4	8.0%
CDBG	2.1	5.4%	2.4	6.4%	3.3	7.8%
Capital Fund Program	1.2	3.0%	0.9	2.4%	2.3	5.5%
HOME	0.8	2.2%	1.8	4.6%	0.3	0.6%
Supportive Housing	0.6	1.7%	0.3	0.7%	0.1	0.2%
Elderly	0.4	1.0%	0.4	1.0%	0.4	1.0%
Shelter Plus Care	0.2	0.4%	0.1	0.2%	0.2	0.4%
ESG	0.1	0.3%	0.1	0.4%	0.1	0.3%
Other	0.1	0.2%	0.1	0.2%	0.3	0.7%
<b>Total</b>	<b><u>\$38.6</u></b>	<b><u>100.0%</u></b>	<b><u>38.3</u></b>	<b><u>100.0%</u></b>	<b><u>42.4</u></b>	<b><u>100.0%</u></b>

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**



**Other Revenue**

Other income consists of program income, land sales, interest earned on investments, and includes write-offs of long-standing, recorded liabilities of approximately \$1.1 million.

**Expenses**

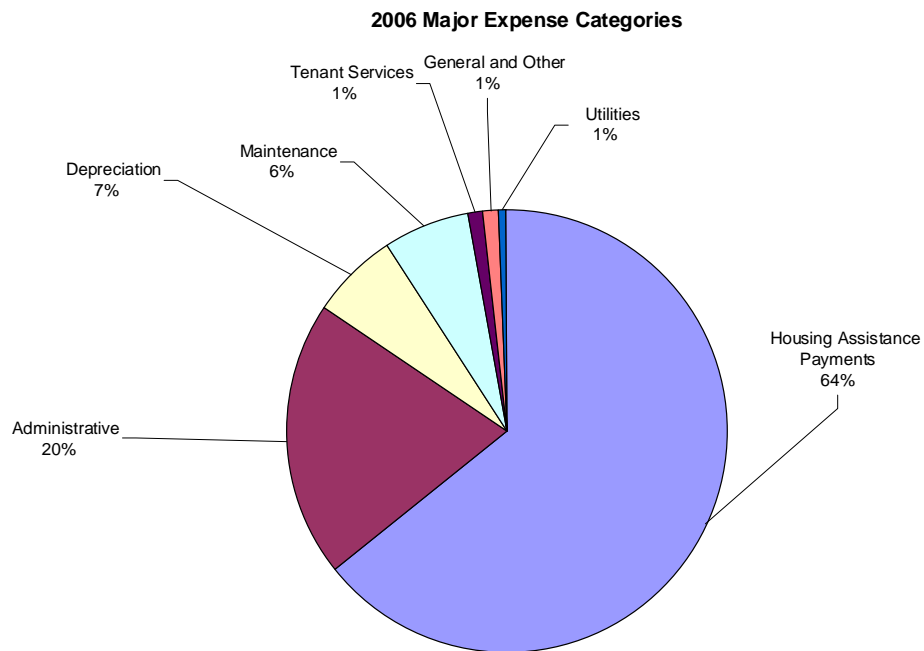
**Operating Expenses**

Operating expenses totaled \$11.2 million in 2006 (\$11.5 million in 2005), which represents a net decrease of approximately \$0.3 million, or 2.7% from 2005. Primary reason for the decrease resulted from reductions in costs (primarily due to a \$1.3 million decrease in CDBG and HOME program activity) and general expenses, of \$1.8 million and \$0.2 million, respectively. These reductions were offset by increases in administrative expense (primarily compensated absences and sub-recipient costs for other programs) and tenant service expense categories of \$1.6 million and \$0.1 million, respectively. Administrative expense was approximately 68% of revenues (53% in 2005).

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

Other Expenses

During 2006, there was an 11.2% decrease in housing assistance payment activity for the Section 8 Housing Choice Voucher program due to lower unit leasing levels. Along with a reduction of the payment standard in 2005, housing assistance payment expenses decreased by approximately \$3.1 million in 2006 (decrease of \$2.6 million in 2005).



**Capital Assets and Debt Administration**

Capital Assets

At the end of fiscal year 2006, the Authority had approximately \$33 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (net of additions and depreciation) of \$1,543,169, or approximately 4.5% from the end of last year.

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

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

	Business-type Activities		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Land and land rights	\$ 3,675,882	\$ 3,676,641	\$ 4,028,321
Buildings	75,540,535	74,728,553	75,565,329
Equipment – Administrative	1,875,039	1,793,162	1,537,135
Equipment – Dwelling	<u>912,996</u>	<u>889,160</u>	<u>889,160</u>
Accumulated Depreciation	<u>(49,013,566)</u>	<u>(46,553,461)</u>	<u>(44,392,826)</u>
Total	<u>\$32,990,886</u>	<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 47 of the accompanying notes to the financial statements.



**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**  
 Business Type Activities

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Balance at Beginning of Year	\$34,534,055	\$37,627,119	\$37,113,072
Additions	917,695	1,136,829	2,725,871
Dispositions	(759)	( 1,780,498)	-
Depreciation	<u>(2,460,105)</u>	<u>(2,449,395)</u>	<u>(2,211,824)</u>
Balance at End of Year	<u>\$32,990,886</u>	<u>\$34,534,055</u>	<u>\$34,534,055</u>

Major additions are summarized as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Business – Type Activities:			
Capital Improvements Programs (modernization completed on variety of the Authority's Public Housing buildings)	\$839,227	\$ 707,914	\$2,098,049
Building improvements and plans	-	145,788	523,993
Land purchase	-	15,750	19,250
Equipment Purchases	<u>78,468</u>	<u>267,377</u>	<u>84,579</u>
Total Additions	<u>\$917,695</u>	<u>\$1,136,829</u>	<u>\$2,725,871</u>

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

Debt Outstanding

As of year-end, the Authority had \$1,552,356 in debt (mortgage loan) outstanding compared to \$1,585,597 last year, a \$33,241 decrease (debt retirement):

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Business Type</u>			
RD Loan- Guma Trankilidat	\$ <u>1.55</u>	\$ <u>1.58</u>	\$ <u>1.61</u>

**TABLE 7**  
**STATEMENTS OF CASH FLOWS**  
**(In millions of dollars)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash flows provided by operating activities	\$ 6.3	\$ 1.7	\$ 2.4
Cash flows provided by (used for) capital and related financing Activity	(0.9)	0.7	0.0
Cash flows provided by (used in) investing activities	<u>(0.3)</u>	<u>1.5</u>	<u>(2.8)</u>
Net increase (decrease) in cash and cash equivalents	5.1	3.9	(0.4)
Cash and cash equivalents at beginning of year	<u>8.1</u>	<u>4.2</u>	<u>4.6</u>
Cash and cash equivalents at end of year	\$ <u>13.2</u>	\$ <u>8.1</u>	\$ <u>4.2</u>

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

**TABLE 7**  
**STATEMENTS OF CASH FLOWS, CONTINUED**  
**(In millions of dollars)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Net income (loss)	\$ 3.2	\$(1.9)	\$ 0.4
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2.5	2.5	2.2
Bad debts	0.0	0.0	0.0
Prior period adjustment	1.7	0.0	0.0
(Increase) decrease in assets	(0.2)	47.0	3.2
Increase (decrease) in liabilities	<u>(0.9)</u>	<u>(45.9)</u>	<u>(3.4)</u>
Net cash provided by operating activities	<u>\$ 6.3</u>	<u>\$ 1.7</u>	<u>\$ 2.4</u>

In 2006, net increase in cash flows arose primarily from operation of the Housing Choice Voucher and the Low Rent Public Housing program, and the Astumbo affordable housing project.

### **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 is provided for HUD programs on a calendar year basis.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

On September 19, 2005, the Public Housing Operating Fund final rule was published. This rule required that PHAs implement asset management at an asset management project level, to include project-based funding, project-based management, project-based budgeting, and project-based accounting. The implementation dates began in calendar year 2007 with the new Operating Fund formula. The project-based budgeting, funding, and year-end project-based financial statement reporting will be effective in FY 2008. Full implementation of the final rule will take place by 2011.

- 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 worldwide price of oil, are and will continue to impact residents, clients, and partners. The local government revenues have 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. The local minimum wage is expected to increase to \$5.75 in July 2007, which may adversely affect private sector employment levels for this group. Tenants' reduced incomes result in lower dwelling rental income received by the Authority, and lower collection rates, which have impacted operations. The local government also is anticipating the implementation of a 12.5% reduction in weekly work hours for government employees, and raising fees for basic services, to address budgetary shortfalls.
- Inflationary pressure on utility rates, supplies and other costs. The local government power and water agencies 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.

**Guam Housing and Urban Renewal Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2006**

## **Audit and Compliance**

Good intentions and good beginnings are not the measure of success. What matters in the end is completion: performance and results. Not just making promises, but making good on promises.

In order to ensure accountability for performance and results, the Executive Management is using a Management Scorecard. The Executive Management will use this scorecard to track how well departments are executing the management initiatives, and where they stand at a given point in time against the overall standards for success.

The scorecard employs a simple “traffic light” grading system common today in well-run businesses: green for success, yellow for mixed results, and red for unsatisfactory. Scores are based on standards established under the Public Housing Assessment System (PHAS), Section Eight Management Assessment System (SEMAP), Voucher Management System (VMS), Rental Integrity Monitoring (RIM) Reviews, and Independent Audits, to name a few.

The areas are targeted to address the most apparent deficiencies where the opportunity to improve performance is the greatest. The marks that really matters will be those that record improvement, or lack of it, from the starting points.

Over time, the scores should improve as departments correct the problems. The Executive Management will update this report twice a year and issue a mid-year report. We will hold ourselves responsible and report honestly when progress is too slow.

## **Systems, Controls, and Legal Compliance**

### **Systems**

The Authority faces challenges in upgrading its financial management systems. Many financial management systems need upgrading or replacing before they can provide information to support efforts to achieve the goal of a citizen-centered, results-oriented, and market-based government.

The success of financial systems upgrading efforts is dependent, in part, on standardized financial management across the Authority. Towards this end, each division has been working together to better clarify and achieve consistency of standards for financial systems. In addition, each division is working together to develop a definitive set of information requirements that will ensure government-wide reporting requirements can be met through routine processes and system functions.

## **Guam Housing and Urban Renewal Authority**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2006**

#### **Controls**

Management controls are the organization, policies, and procedures used to reasonably ensure that (1) programs achieve their intended results; (2) resources are used consistent with agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decision making.

Managers must take systematic and proactive measures to (1) develop and implement appropriate, cost-effective management controls for results-oriented management; (2) assess the adequacy of management controls in Federal programs and operations; (3) identify needed improvements; (4) take corresponding corrective action; and (5) report monthly, semi-annually, and annually on management controls.

#### **Legal Compliance**

The Authority is required to comply with a wide range of laws and regulations, including appropriations, employment, health and safety, and others. Responsibility for compliance primarily rests with agency management; compliance is addressed as part of agency financial statement audits.

#### **Accountability**

Management accountability is the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law.

#### **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**

Statement of Net Assets

September 30, 2006

			Major Enterprise Funds					
Assets	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
Current assets:								
Cash: (Note 1)								
Unrestricted	\$ 12,261,308	\$ -	\$ -	\$ 591,542	\$ 10,085,699	\$ -	\$ 924,014	\$ 660,053
Restricted - other (Note 3)	773,982	-	-	137,298	538,008	-	-	98,676
Restricted - Security Deposits	14,017	-	-	-	-	-	14,017	-
Restricted or held by fiscal agent (Note 3)	189,313	-	-	-	-	-	189,313	-
Total cash	13,238,620	-	-	728,840	10,623,707	-	1,127,344	758,729
Accounts receivable:								
Notes receivable - current portion (Note 4)	55,994	-	-	-	-	-	-	55,994
Tenants (Note 1)	101,924	-	-	93,091	-	-	8,833	-
HUD	1,059,955	-	352,335	82,610	1,214	127,385	496,411	-
Due from other funds (Notes 1 and 5)	-	(7,111,026)	404,754	538,912	55,646	-	70,311	6,041,403
Other	198,818	-	-	34,546	110,052	-	20,257	33,963
	1,416,691	(7,111,026)	757,089	749,159	166,912	127,385	595,812	6,131,360
Allowance for doubtful accounts	(64,422)	-	-	(64,422)	-	-	-	-
Total accounts receivable, net	1,352,269	(7,111,026)	757,089	684,737	166,912	127,385	595,812	6,131,360
Investments (Notes 2 and 3):								
Unrestricted	2,216,490	-	-	921,817	61,681	-	-	1,232,992
Restricted/reserved by fiscal agent	552,492	-	-	166,455	200,655	-	185,382	-
Total investments	2,768,982	-	-	1,088,272	262,336	-	185,382	1,232,992
Prepaid and other current assets	413,821	-	2,778	352,004	9,887	15,851	33,102	199
Inventories (Note 1)	160,215	-	-	160,215	-	-	-	-
Other real estate (Notes 1 and 6)	4,193,013	-	-	-	-	-	-	4,193,013
Total current assets	22,126,920	(7,111,026)	759,867	3,014,068	11,062,842	143,236	1,941,640	12,316,293
Noncurrent assets:								
Capital assets, net (Notes 1 and 7)	32,990,886	-	-	18,139,885	134,966	12,027,691	2,301,550	386,794
Notes receivable - noncurrent (Note 4)	1,026,522	-	-	-	-	-	-	1,026,522
Other assets	44,256	-	-	-	37,056	-	-	7,200
Total noncurrent assets	34,061,664	-	-	18,139,885	172,022	12,027,691	2,301,550	1,420,516
Total assets	\$ 56,188,584	\$ (7,111,026)	\$ 759,867	\$ 21,153,953	\$ 11,234,864	\$ 12,170,927	\$ 4,243,190	\$ 13,736,809

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Statement of Net Assets, Continued

September 30, 2006

Liabilities	Total	Eliminations	Major Enterprise Funds					
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
Current liabilities:								
Current portion of note payable (Note 8)	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,000	\$ -
Vendors/contractors	169,169	-	-	105,145	51,754	-	11,254	1,016
Current portion of compensated absences	155,165	-	11,584	74,577	49,286	9,807	9,911	-
Due to HUD	2,023,384	-	-	362,318	1,661,066	-	-	-
Due to other funds (Note 5)	-	(7,111,026)	279,679	823,552	1,986,777	86,070	834,478	3,100,470
Deposits	171,053	-	-	157,638	-	-	13,415	-
Accounts payable other	1,303,288	-	49,992	-	213,105	-	20,644	1,019,547
Accrued salaries and wages	177,698	-	9,359	106,140	55,709	-	6,490	-
Accrued liabilities	165,016	-	-	-	-	9,126	-	155,890
Deferred revenue	2,377,558	-	379,150	8,133	-	19,694	793,271	1,177,310
Other current liabilities	183,214	-	-	179,756	-	-	3,458	-
Total current liabilities	<u>6,759,545</u>	<u>(7,111,026)</u>	<u>729,764</u>	<u>1,817,259</u>	<u>4,017,697</u>	<u>124,697</u>	<u>1,726,921</u>	<u>5,454,233</u>
Noncurrent liabilities:								
Long-term portion of note payable (Note 8)	1,518,356	-	-	-	-	-	1,518,356	-
Accrued compensated absences (Notes 1 and 9)	221,286	-	15,307	110,942	68,984	13,464	12,589	-
Other liabilities (Notes 1 and 9)	94,608	-	14,796	34,542	29,357	5,075	10,838	-
Total noncurrent liabilities	<u>1,834,250</u>	<u>-</u>	<u>30,103</u>	<u>145,484</u>	<u>98,341</u>	<u>18,539</u>	<u>1,541,783</u>	<u>-</u>
Total liabilities	<u>8,593,795</u>	<u>(7,111,026)</u>	<u>759,867</u>	<u>1,962,743</u>	<u>4,116,038</u>	<u>143,236</u>	<u>3,268,704</u>	<u>5,454,233</u>
Net assets: (Note 11)								
Invested capital assets, net of related debt	35,631,542	-	-	18,139,885	134,966	12,027,691	749,193	4,579,807
Restricted	436,241	-	-	36,546	-	-	374,695	25,000
Unrestricted	11,527,006	-	-	1,014,779	6,983,860	-	(149,402)	3,677,769
Total net assets	<u>47,594,789</u>	<u>-</u>	<u>-</u>	<u>19,191,210</u>	<u>7,118,826</u>	<u>12,027,691</u>	<u>974,486</u>	<u>8,282,576</u>
Total liabilities and net assets	<u>\$ 56,188,584</u>	<u>\$ (7,111,026)</u>	<u>\$ 759,867</u>	<u>\$ 21,153,953</u>	<u>\$ 11,234,864</u>	<u>\$ 12,170,927</u>	<u>\$ 4,243,190</u>	<u>\$ 13,736,809</u>

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



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended September 30, 2006

	Major Enterprise Funds							
			Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
	Total	Eliminations						
Operating revenues:								
Tenant income	\$ 255,399	\$ -	\$ -	\$ 188,540	\$ -	\$ -	\$ 66,859	\$ -
HUD PHA Operating Grants	37,664,906	-	2,093,614	3,060,983	30,074,252	305,396	2,130,661	-
Other Federal Grants	90,964	-	-	-	-	-	90,964	-
Property sales	184,323	-	-	-	-	-	-	184,323
Other income	1,229,822	-	4,422	57,957	66,467	2,551	1,085,303	13,122
Total operating revenues	39,425,414	-	2,098,036	3,307,480	30,140,719	307,947	3,373,787	197,445
Operating expenditures:								
Housing assistance payments	24,639,187	-	-	-	24,639,187	-	-	-
Administrative expense	2,841,400	-	352,596	780,842	1,012,885	186,334	399,264	109,479
Employee benefits	842,632	-	110,829	281,053	278,950	43,045	113,651	15,104
Tenant service	448,616	-	-	448,616	-	-	-	-
Bad debts	36,610	-	-	36,610	-	-	-	-
Utilities	229,607	-	-	137,019	3,221	-	89,367	-
Insurance	209,429	-	1,564	185,273	12,935	-	9,657	-
Repairs and maintenance	2,458,643	-	1,110,136	751,388	209	60,762	536,148	-
Other	4,030,761	-	522,911	452,559	219,008	17,807	2,079,199	739,277
Depreciation	2,460,105	-	-	2,295,301	42,914	19,476	73,751	28,663
Total operating expenditures	38,196,990	-	2,098,036	5,368,661	26,209,309	327,424	3,301,037	892,523
Operating income (loss)	1,228,424	-	-	(2,061,181)	3,931,410	(19,477)	72,750	(695,078)
Non-operating revenues (expenditures):								
Interest income on unrestricted investments	100,192	-	-	40,493	5,118	-	7,833	46,748
Interest income on restricted investments	4,329	-	-	-	4,329	-	-	-
Other income	1,148,165	-	-	15,156	369,784	-	2,807	760,418
Capital Grants	839,227	-	-	-	-	839,227	-	-
Interest expense	(93,240)	-	-	-	-	-	(93,240)	-
Total non-operating revenues (expenditures)	1,998,673	-	-	55,649	379,231	839,227	(82,600)	807,166
Income (loss) before adjustments and transfers	3,227,097	-	-	(2,005,532)	4,310,641	819,750	(9,850)	112,088
Adjustments and transfers	-	-	-	13,966,101	-	-	(13,966,101)	-
Change in net assets	3,227,097	-	-	11,960,569	4,310,641	819,750	(13,975,951)	112,088
Total net assets at beginning of year	42,712,760	-	-	7,230,641	1,153,253	11,207,941	14,950,437	8,170,488
Prior period adjustments (Note 18)	1,654,932	-	-	-	1,654,932	-	-	-
Total net assets at end of year	\$ 47,594,789	\$ -	\$ -	\$ 19,191,210	\$ 7,118,826	\$ 12,027,691	\$ 974,486	\$ 8,282,576

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Statement of Cash Flows  
For the Year Ended September 30, 2006

	Major Enterprise Funds							
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
Cash flows from operating activities:								
Receipts from customers	\$ 39,785,379	\$ -	\$ 2,093,614	\$ 3,307,480	\$ 30,074,252	\$ 1,142,474	\$ 2,967,320	\$ 200,239
Payments to suppliers	(30,515,821)	-	(1,476,798)	(2,042,120)	(24,874,560)	(78,568)	(1,847,804)	(195,971)
Payments to employees	(3,914,444)	-	(621,238)	(1,061,895)	(1,291,835)	(228,340)	(586,553)	(124,583)
Other cash receipts	942,335	-	4,422	55,649	361,531	3,661	396,165	120,907
Net cash provided by operating activities	6,297,449	-	-	259,114	4,269,388	839,227	929,128	592
Cash flows from capital and related financing activities:								
Acquisition of fixed assets	(916,936)	-	-	(43,713)	(25,623)	(839,227)	-	(8,373)
Net cash used for capital and related financing activities	(916,936)	-	-	(43,713)	(25,623)	(839,227)	-	(8,373)
Cash flows from investing activities								
Repayment of notes payable	(33,241)	-	-	-	-	-	(33,241)	-
Increase in investments	(87,776)	-	-	(39,200)	(9,447)	-	(6,721)	(32,408)
Increase in restricted assets	(106,247)	-	-	-	(106,247)	-	-	-
Net cash used in investing activities	(227,264)	-	-	(39,200)	(115,694)	-	(39,962)	(32,408)
Net increase (decrease) in cash and cash equivalents	5,153,249	-	-	176,201	4,128,071	-	889,166	(40,189)
Cash and cash equivalents at beginning year	8,085,371	-	-	552,639	6,495,636	-	238,178	798,918
Cash and cash equivalents at end of year	<u>\$ 13,238,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,840</u>	<u>\$ 10,623,707</u>	<u>\$ -</u>	<u>\$ 1,127,344</u>	<u>\$ 758,729</u>
Cash, including time deposits	\$ 12,275,325	\$ -	\$ -	\$ 591,542	\$ 10,085,699	\$ -	\$ 938,031	\$ 660,053
Restricted cash, including time deposits	963,295	-	-	137,298	538,008	-	189,313	98,676
Total cash and cash equivalents at end of year	<u>\$ 13,238,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 728,840</u>	<u>\$ 10,623,707</u>	<u>\$ -</u>	<u>\$ 1,127,344</u>	<u>\$ 758,729</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Statement of Cash Flows, Continued  
For the Year Ended September 30, 2006

	Major Enterprise Funds							Other Enterprise Funds
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Public Housing Capital Fund Program	Non-Major Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Net income (loss)	\$ 3,227,097	\$ -	\$ -	\$ (2,005,532)	\$ 4,310,641	\$ 819,750	\$ (9,850)	\$ 112,088
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:								
Depreciation	2,460,105	-	-	2,295,301	42,914	19,476	73,751	28,663
Bad debts	36,610	-	-	36,610	-	-	-	-
Prior period expense adjustment	1,654,932	-	-	-	1,654,932	-	-	-
(Increase) decrease in assets:								
Tenant receivables	(47,485)	-	-	(39,922)	-	-	(7,563)	-
Accounts receivable - HUD	(139,778)	-	(58,630)	-	-	(102,334)	21,186	-
Accounts receivable - Due from other funds	(85,094)	-	-	839	124,378	-	(29,417)	(180,894)
Promissory notes	(409,539)	-	-	6,116	-	-	-	(415,655)
Accounts receivable - Other	(14)	-	-	-	-	-	(14)	-
Prepaid and other assets	394,321	-	35,306	(311,379)	(42,011)	17,871	20,497	674,037
Inventories	58,746	-	-	58,746	-	-	-	-
Increase (decrease) in liabilities:								
Accounts payable - trade	39,558	-	-	90,111	51,754	-	8,150	(110,457)
Accounts payable - HUD	(1,654,932)	-	-	-	(1,654,932)	-	-	-
Accounts payable - Due to other funds	309,389	-	(9,364)	(60,166)	69,877	46,750	136,939	125,353
Compensated absences	41,067	-	5,841	20,225	13,646	14,308	(12,953)	-
Accrued salaries and wages	170,134	-	7,944	106,140	55,709	-	341	-
Other payables	(361,423)	-	-	25,454	(386,877)	-	-	-
Security deposits	9,199	-	-	8,442	-	-	757	-
Accrued liabilities	97,666	-	-	34,542	29,357	5,225	2,370	26,172
Other liabilities	62,847	-	48,675	-	-	18,181	719,977	(723,986)
Deferred revenue	434,043	-	(29,772)	(6,413)	-	-	4,957	465,271
Net cash provided by operating activities	\$ <u>6,297,449</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>259,114</u>	\$ <u>4,269,388</u>	<u>839,227</u>	\$ <u>929,128</u>	\$ <u>592</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, 2006

### **(1) Summary of Significant Accounting Policies**

#### ***a) Organization and Program Descriptions***

The Guam Housing and Urban Renewal Authority (GHURA or the Authority), 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 primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing and elderly families in the Territory of Guam, and to operate its housing programs in accordance with federal and local laws and regulations. The Authority's federal programs are administered through the U.S. Department of Housing Urban Development (HUD) under the provisions of the U.S. Housing Act of 1937, as amended.

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)**

These grants are used to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. All CDBG activities must meet one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. Some of the activities that these funds can be used for include the acquisition of real property; rehabilitation of residential and nonresidential properties; provision of public facilities and improvements, such as water, sewer, streets, and community centers; clearance, demolition and removal of buildings and improvements; homeownership assistance; and assistance to for-profit businesses for economic development activities.

##### **Low Income Housing Program**

Under this program, the Authority rents its own units to low-income households. The Low Income Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidies to enable the Authority to provide the housing at a rent that is based on 30 percent of household income. GHURA entered into an ACC which allowed the Authority to develop and operate a Low-Income Housing Program. Since that time, nine projects were developed: Guam 1-1 through 1-9. These completed projects provided a total of 750 units, of which, 678 units or 95% were leased as of September 30, 2006. These properties are modernized under HUD's Capital Funds Program.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(1) *Summary of Significant Accounting Policies, continued***

#### ***Major Enterprise Funds, continued***

##### **Housing Choice Voucher Program**

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, 2006.

##### **Public Housing Capital Fund**

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.

#### ***Non-Major Enterprise Funds***

##### **Supportive Housing for Elderly**

The Supportive Housing for the Elderly project 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.

##### **Supportive Housing Program**

This program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible.

##### **Shelter Plus Care**

This program links rental assistance to supportive services for hard-to-reach homeless, persons with disabilities, primarily those who are seriously mentally ill, and have chronic substance abuse problems, or have acquired immunodeficiency syndrome (AIDS) and their families if they are also homeless.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *Non-Major Enterprise Funds, continued*

##### Resident Opportunity and Supportive Services

This grant program is funded by HUD to assist residents in the process of moving from welfare to work.

##### HOME Investment Partnership Program

This grant program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. 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.

##### Emergency Shelter Grant Program

This program provides grants to help increase both the number and quality of emergency shelters for homeless individuals and families, to operate these facilities and provide essential supportive services, and to help prevent homelessness.

##### Public Housing Comprehensive Grant

This program is the primary source of modernization funds for physical improvements to public housing units and for improvements to the management and operational practices for existing public housing projects for large public housing authorities. Through CGP, HUD makes funds available to help public housing agencies correct physical and management deficiencies and keep units in the housing stock safe and desirable places to live.

##### Economic, Social and Political Development of the Territories (Compact Impact)

This program is funded by the U.S. Department of the Interior to promote the economic, social and political development of the territories and freely associated states, leading toward greater self-government and self-sufficiency for each of them. In addition, Federal funding is provided for capital improvement programs and technical assistance to the insular areas including the Territory of Guam

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *Non-Major Enterprise Funds, continued*

##### Expanded Medical Capacity Grant

This program is funded by the U.S. Department of Health and Human Services to increase access to comprehensive primary and preventive health care and improve the health status of underserved and vulnerable populations in the area to be served. Individual health center grant mechanisms include: (1) Community Health Centers; (2) Migrant Health Centers; (3) Health Care for the Homeless; (4) Public Housing Primary Care Program; and (5) School Based Health Centers.

#### *Other Enterprise Funds*

The following funds were determined to be non-major enterprise funds for the year ended September 30, 2006:

##### 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.

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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *b) Reporting Entity*

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 is not financially dependent on the Government of Guam's general fund but is considered a component unit of the Government of Guam. The Authority has no component units to be reported in accordance GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

#### *c) New Accounting Standards*

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 expenses/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, 2006

### **(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.

#### ***d) New Accounting Standards to be Adopted in Future Years***

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.

#### ***e) Fund Financial Statements***

The accounts of GHURA are organized and operated on the basis of funds and grant programs. Fund financial statements report detailed information about the Authority. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets, revenues, and expenses. The focus in of the fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in single separate columns to distinguish between federal and local funds. 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.

A fund is considered major if it is the primary operating fund or if the total assets, liabilities, revenues, or expenses of that individual enterprise fund are at least 10% of the corresponding total for all enterprise funds.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *f) Basis of Accounting*

The Authority 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 when a liability is incurred, regardless of the timing of related cash flows. 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. Depreciation of assets is recognized in the statements of revenues, expenses and net assets. All assets and liabilities are associated with the operation of the Authority are included in the statement of net assets. The principal operating revenues of the Authority are operating subsidies and administrative fees received from HUD and rental revenues received from residents. Grants and similar items are recognized as revenue as soon all eligible requirements have been met. Gains from sale of capital assets are included in operating revenues. Other expenses for the Authority include the cost of operating housing units, administrative expenses, depreciation and loss from sale of capital assets. Housing assistance payments from HUD are received by the Authority for each unit rented to qualified tenants in the public housing and Section 8 programs.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, all proprietary funds must follow Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. However, subsequent to that date, proprietary funds must choose (1) not apply all new FASB Standards (including amendments of earlier pronouncements), or (2) to continue to follow all new FASB pronouncements (unless they conflict with GASB guidance). The Authority has chosen to apply new FASB standards subsequent to November 30, 1989.

#### *g) 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.

The Authority's governing body, the Board of Commissioners, adopts budgets on a program or fund level basis. These budgets are submitted by the Authority's Executive Director, and approved by resolutions of the Board of Commissioners. The Authority 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.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(1) Summary of Significant Accounting Policies, continued**

#### ***g) Budgets, continued***

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.

The Authority'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 2006, several budget revisions were necessary and the final Authority-wide budgets to actual amounts were not provided for financial statement presentation.

#### ***h) Cash and Investments***

For purposes of the statement of cash flows, the Authority 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).

#### ***i) 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, 2006 are classified as due from other funds or due to other funds and are eliminated on the statement of net assets for financial statement presentation.

#### ***j) Inventories***

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

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *k) Prepayments*

Payments made to vendors for services that will benefit periods beyond September 30, 2006 are recorded as prepaid items.

#### *l) Restricted Assets*

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

#### *m) Capital Assets and Depreciation*

All capital assets with a value greater than \$5,000 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 Supportive Housing for the Elderly 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. 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. The Authority 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, 2006

### **(1) Summary of Significant Accounting Policies, continued**

#### ***n) Other Real Estate***

Other real estate consists primarily of land transferred from the Government of Guam to the Authority to construct 500 single-family homes under the GHURA 500 Low Cost Housing Project. This property is recorded at the fair value less estimated selling cost. Valuations are periodically performed by management and property held for sale is carried at the lower of new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of the property exceeds its fair value. Costs of significant improvement are capitalized, whereas costs relating to holding property are expensed.

#### ***o) 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, 2006 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, 2006, accrued earned compensated absences totaled \$376,451.

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, 2006, the total amount of unused sick leave for members under the DCRS plan was \$189,216 of which 50%, or \$94,608 was accrued in the accompanying financial statements.

#### ***p) 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.

#### ***q) Accounts Receivables – Tenants***

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

#### ***r) 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, 2006

### **(1) *Summary of Significant Accounting Policies, continued***

#### ***s) 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.

#### ***t) 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.

#### ***u) 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.

The allowance for doubtful accounts is determined based on management estimates. While management believes the amount is adequate, the ultimate uncollectible balance may differ from the amounts provided.

#### ***v) 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, 2006

### (1) *Summary of Significant Accounting Policies, continued*

#### *w) Income Taxes*

Income derived or generated by the Authority is not subject to federal income tax pursuant to Internal Revenue Code Section 115. The Authority is exempt from local property taxes.

#### *x) Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### (2) *Cash and Investments*

Cash and cash equivalents and investments at September 30, 2006 consist of the following:

	<u>2006</u>
Cash on hand and due from banks	\$ 13,238,620
Investments	<u>2,768,982</u>
	<u>\$ 16,007,602</u>

Of the above cash and cash equivalents and investments, \$1,529,804 was restricted for at September 30, 2006.

The deposits and investment policies of the Corporation are governed by 5 GCA 21, *Investments and Deposits* in conjunction with the applicable the mortgage revenue bond indenture. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of, or bankers' acceptances issued by, any eligible financial institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, where are explicitly guaranteed by the United States government, all other investments must be rate Aa1/P-1 by Moody's.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (2) *Cash and Investments*

#### A. Deposits

GASB Statement No. 3 requires government entities to categorize deposits to give an indication of the level of credit risk assumed by the entity at year-end based on 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 non-collateralized 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, 2006, the carrying amount of the Authority's total cash and cash equivalents was \$13,234,793 with a corresponding bank balance was \$13,237,007 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, 2006, 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, 2006

### (2) *Cash and Investments, continued*

#### B. 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, 2006, the Authority did not have any investments subject to GASB Statement No. 40. The Authority's investments are in certificates of deposits placed with FDIC insured financial institutions and are all collateralized by US securities.

Credit risk for investments is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Pursuant to the bond indenture, the Corporation minimized credit risk losses by limiting its investments to the low risk types of securities. The Bank of Guam manages various special funds and invests securities in U.S. Treasuries, U.S. Agencies and Money Market Funds. The U.S. Treasuries are backed by the full faith and credit of the U.S. Government. While Agencies do have the same backing, they are implied to have the backing of the U.S. Government. All investment securities are within the requirement of the bond indenture.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (3) *Restricted Cash*

#### Supportive Housing for the Elderly

In accordance with the Farmers Home Administration loan covenants, 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, 2006, GHURA had \$189,313 and \$185,382 in a restricted cash account and in time certificates of deposit, respectively, for the Supportive Housing for the Elderly. Interest income earned is reinvested when related time certificates of deposit mature.

#### Section 8 HCV 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 escrow 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, 2006, FSS escrow amounts held by the Authority for the Section 8 and Low Rent Public Housing participants in the FSS program totaled \$538,008 and \$100,752, respectively.

### (4) *Loans Receivable*

Loans receivable consist primarily for first time homebuyers under the Authority's Down Payment and Closing Cost Assistance Program to provide assistance to eligible residents to purchase or construct a primary owner-occupied dwelling. The loans are interest free loan and with a maximum loan amount of the lesser of \$18,000.00 or 18% of the purchase price and are collateralized by second mortgages on real estate and consist of the following:

	<u>2006</u>
Due in varying monthly installments, interest free, with maturities to 2026, including loans.	\$ 1,082,516
Less current portion	<u>( 55,994)</u>
	<u>\$ 1,026,522</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2006

**(5) *Interfund Receivable/Payable Accounts***

GHURA maintains interfund receivable and payable accounts for all housing projects and funds that it administers and reports interfund transfers between many of its funds. The outstanding balances between funds result mainly from time lags between the date that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. The amounts payable to the revolving fund are expected to be collected in the subsequent year. In accordance with GASBS No. 38, account balances for inter-fund activities were eliminated for financial statement reporting purposes. The composition of the inter-fund receivable and payable balances as of September 30, 2006 is as follows:

	Due from other Funds	Due to other Funds	Net Receivable (Payable)
CDBG	\$ 404,754	\$ 279,679	\$ 125,075
Low Income Housing	538,912	823,552	(284,640)
Section 8 Programs	55,646	1,986,777	(1,931,131)
Capital Fund Project	-	86,070	(86,070)
Non-Major Enterprise Funds	70,311	834,478	(764,167)
Other Enterprise Funds	<u>6,041,403</u>	<u>3,100,470</u>	<u>2,940,933</u>
Net Interfund balances	\$ <u><u>7,111,026</u></u>	\$ <u><u>7,111,026</u></u>	\$ <u><u>-</u></u>

**(6) *Other Real Estate***

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 the Authority's conversion from other comprehensive basis of accounting (HUD accounting) to GAAP, the estimated value per house based on the development cost incurred totaled \$34,653. As of September 30, 2006, the Authority had one hundred twenty-one (121) lots in its inventory with an estimated value of \$4,193,013.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2006

**(7) Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2006 is as follows:

	Balance 9/30/05	Additions	Transfers Disposals	Balance 9/30/06
Land	\$ 3,676,641	\$ -	\$ (759)	\$ 3,675,882
Structures	74,728,553	811,982	-	75,540,535
Furniture, Fixtures and Equipments	2,682,322	105,713	-	2,788,035
	81,087,516	917,695	(759)	82,004,452
Less: Accumulated depreciation	(46,553,461)	( 2,460,105)	-	(49,013,566)
Net Capital Assets	\$ <u>34,534,055</u>	\$ <u>(1,542,410)</u>	\$ <u>(759)</u>	\$ <u>32,990,886</u>

**(8) Notes Payable – Non-HUD**

GHURA borrowed funds from an entity other than HUD to finance the construction of the 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, (Supportive Housing for the Elderly) \$ 1,552,356

Less current portion 34,000

Long-term portion of note payable \$ 1,518,356

Maturities of long-term debt are as follows:

Year ending September 30,	Principal	Interest	Total Debt Service
2007	\$ 34,000	\$ 92,480	\$ 126,480
2008	36,000	90,480	126,480
2009	38,000	88,480	126,480
2010	41,000	85,480	126,480
2011	43,000	83,480	128,480
2012 through 2016	261,000	371,400	632,400
2017 through 2021	352,000	280,400	632,400
2022 through 2026	475,000	157,400	632,400
2027 through 2030	<u>272,356</u>	<u>20,000</u>	<u>292,356</u>
	<u>\$ 1,552,356</u>	<u>\$ 1,269,600</u>	<u>\$ 2,821,956</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2006

**(9) Noncurrent Liabilities**

Noncurrent liability activity at September 30, 2006 was as follows:

	Outstanding Balance 09/30/05	Increases	Decreases	Outstanding Balance 09/30/06	Current	Noncurrent
Note payable	\$ 1,585,597	\$ -	(\$ 33,241)	\$1,552,356	\$ 34,000	\$ 1,518,356
Other liabilities	86,074	8,534	-	94,608	-	94,608
Compensated Absences	<u>282,500</u>	<u>121,176</u>	<u>(27,225)</u>	<u>376,451</u>	<u>155,165</u>	<u>221,286</u>
	<u>\$ 1,954,171</u>	<u>\$ 129,710</u>	<u>(\$ 60,466)</u>	<u>\$ 2,023,415</u>	<u>\$ 189,165</u>	<u>\$ 1,834,250</u>

**(10) HUD Contributions Earned - HAP**

HUD contributions earned by GHURA consist of housing assistance payments and an administrative fee. For fiscal year 2006, the administrative fee was a fixed amount at approximately \$125,878 per month. The Authority earned an administrative fee totaling \$1,510,242 for the fiscal year ended September 30, 2006.

**(11) Net Assets - Section 8 Housing Choice Vouchers (HCV)**

Beginning with the fiscal year ended September 30, 2006, HCV program equity is composed of Administrative Fee Equity and HAP Equity. Administrative Fee Equity, which consists of administrative fees earned in excess of program administrative expenses and can be utilized for administrative costs for the program or additional HAP to eligible families. HAP Equity, which represents excess HAP budget authority disbursed to the Authority that is not utilized to assist families and can be used only for HAP payments to eligible families. As of September 30, 2006, the Authority's Section 8 HCV net assets were comprised as following:

	Administrative Fee Equity	HAP Equity	Total HCV Equity
Balance beginning of year	\$ 1,153,253	\$ -	\$ 1,153,253
Adjustments:			
RIM errors	(141,433)	-	(141,433)
Prior year end settlements	14,841	1,781,524	1,796,365
Current year change in net assets	<u>317,278</u>	<u>3,993,363</u>	<u>4,310,641</u>
Balance end of year	<u>\$ 1,343,939</u>	<u>\$ 5,774,887</u>	<u>\$ 7,118,826</u>

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### (12) *Commitments*

#### Housing Assistance Payments

At September 30, 2006, GHURA had approximately 2,315 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, 2006, \$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, 2006, are as follows:

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 7,216,438	\$ 4,208,571	\$ 3,007,867
CDBG Grants	<u>5,943,578</u>	<u>5,230,288</u>	<u>713,290</u>
	<u>\$ 13,056,856</u>	<u>\$10,438,859</u>	<u>\$ 3,721,157</u>

### (13) *Employees Retirement Plan*

Employees of the Authority hired before September 30, 1995 are under the Government of Guam Employees' Retirement System (a defined benefit, contributory 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2006

**(13) *Employees Retirement Plan, continued***

The Defined Benefit Plan (DB) and the DCRS are administered by the Government of Guam Retirement Fund, to which the Authority 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, 2004, 2003 and 2002, the annual actuarially required contribution rates have been determined as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Normal Cost (as % of expected Defined Benefit Plan payroll)	17.83%	18.30%	17.66%
Unfunded liability costs, as % of total payroll (DB and DC)	<u>21.36%</u>	<u>19.93%</u>	<u>16.23%</u>
	39.19%	38.23%	33.89%
Employee contributions (DB Plan employee)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Government contribution as % of DB payroll	<u>29.69%</u>	<u>28.73%</u>	<u>24.39%</u>
Government required contribution, as % of total payroll (DB and DCRS)	<u>26.00%</u>	<u>24.89%</u>	<u>20.81%</u>

Statutory contribution rates for employer and employee contributions were 21.81% and 9.5%, respectively, of qualifying payroll for the fiscal years ended September 30, 2006. For the years ended September 30, 2005 and 2004, statutory contribution rates for employer and employee contributions were 20.81% and 9.5%, respectively.

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

	2004 <u>Actuarial Valuation</u>	2003 <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%

The actuarial valuation performed as of September 30, 2004 and 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 Authority as a separate sponsor, the accrued liability at September 30, 2006 and 2005 may be materially different from that recorded in the accompanying financial statements.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(13) *Employees' Retirement Plan, Continued***

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, 2006 and 2005, 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, and have attained the age of 55 years at termination, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

For the year ended September 30, 2006, the retirement expense contribution was \$207,639.

For additional information on the Government of Guam Retirement Fund, inquiries may be addressed to the Director of the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96950.

### **(14) *Risk Management***

The Authority 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. The Authority maintains commercial insurance to provide for claims arising from most of these risks for typhoon insurance.

Beginning in fiscal year 2005, the Authority decided to stop carrying commercial insurance for typhoon coverage because it was cost prohibitive. A typhoon insurance coverage waiver was granted by HUD provided that the Authority establish and maintain a separate typhoon coverage escrow account in which it will deposit \$200,000 annually until the account balance reaches a minimum of balance of \$1 million. As of September 30, 2006, the separate typhoon coverage escrow account had not been established and the Authority should have deposited \$400,000 in the account; however, no monies have been set aside for this account. HUD must approve each draw against the typhoon coverage escrow account. When funds are used to pay typhoon claims, the Authority must replenish the escrow account on an annual basis to maintain the \$1 million minimum balance.

There were no material losses sustained as a result of GHURA's risk management practices.



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(15) *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.

#### 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. 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. 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, 2006

### **(15) 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 is seeking reinstatement to the position held prior to termination with all back pay and benefits restored, as well as reasonable attorneys' fees. 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. Therefore, no provision has been made in the accompanying financial statements that may result from this claim.

### **(16) 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 September 30,</u>	<u>Amount</u>
2006	\$ 62,959
2007	<u>20,986</u>
	<u>\$ 83,945</u>

Rent expense for the year ended September 30, 2006 was \$62,959 which was allocated between the CDBG, HOME, ESG and Capital Fund programs.

### **(17) Equity Transfer**

During the fiscal year ending September 30, 2006, GHURA's Board of Commissioners approved the transfer of \$13,966,101 from the Public Housing Comprehensive Grant to the Low Income Housing for projects completed as of September 30, 2006.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(18) *Prior Period Adjustments***

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 resulting in a prior period adjustment of \$591,136 for the year ended September 30, 2005. However, during the period ending September 30, 2006, an additional amount of \$141,433 was recorded as a prior period adjustment to the Housing Choice Voucher Program to reflect Section 8 payment standard calculation errors.

Accounts payable to HUD in the amount of \$1,796,365, which represents prior year settlement for the January – September 2005 period, was adjusted to reflect a change in HUD policy (PIH Notice 2006-03) regarding the elimination of year-end settlement transactions for HCVP. The year-end settlement process involved recording an accounts payable for any HUD contributions received which exceeded expenses for the HCVP. Under the current policy, any excess HUD contributions received are to be classified as operating grant revenues. Accordingly, the excess calendar year 2005 HUD contributions have been charged to beginning equity.

### **(19) *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 \$38.6 million to the Authority, which represents approximately 98% of the Authority's total revenues for the year ended September 30, 2006.

### **(20) *Subsequent Events***

On December 14, 2006, the Authority entered into a memorandum of agreement with the United States Department of Housing and Urban Development (HUD) Statement pursuant to the requirements of implementing a Public Housing Assessment System (PHAS). The Agreement is effective beginning December 1, 2006 and ending November 30, 2007, unless extended or earlier terminated by mutual consent. The Authority, as a public housing agency (PHA), was evaluated in accordance with provisions of the PHAS and received a substandard score for its Physical Assessment Subsystem of less than 60% as required, and was designated a troubled PHA.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2006

### **(20) *Subsequent Events, continued***

Under federal regulation, those PHA's designated as troubled must enter into a binding contractual agreement designated as a Memorandum of Agreement (MOA) with HUD for the purpose of improving the PHAS score to 60% or above. This PHA is under such MOA and must improve their PASS score to 60% or above, while maintaining minimum passing scores in Financial Assessment Sub-system (FASS), Management Assessment Sub-system (MASS), and Resident Assessment Sub-system (RASS). The agreement calls for the Authority to meet certain performance targets specified by HUD; strategies to be used in achieving the performance targets; and technical assistance provided or facilitated by HUD, among others. Failure by the Authority to achieve the performance targets under this MOA may result in HUD's imposition of such sanctions as the imposition of management budget controls by HUD, declaration of substantial default; and referral to HUD's Department of Enforcement Center (DEC) for judicial appointment of a receiver, limited denial of participation, suspension, debarment, or other actions deemed necessary by the DEC.

As discussed in Note 18, the Authority was cited for applying an incorrect payment standard. The Authority erroneously established two payment standards, one with utilities and one without utilities. The total amount of the error for recovery was \$1,255,432. The Authority sought the appeal process and to have the amount offset against current funding. On June 21, 2007, the Authority was notified by HUD that the full amount is payable and due. A provision has been made in the accompanying financial statements resulting from this error and will be paid from the Section 8 Housing Choice Voucher equity reserves.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**COMMUNITY DEVELOPMENT BLOCK GRANTS  
CFDA NO. 14.225**

Combining Statement of Net Assets  
September 30, 2006

ASSETS	TOTAL	B-97-ST- 66-0001	B-98-ST- 66-0001	B-99-ST- 66-0001	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	B-05-ST- 66-0001	B-06-ST- 66-0001
Cash - restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:	-										
HUD	352,335	136,467	-	10,675	1,428	69,625	4,890	4,222	57,466	67,562	-
Due from other funds	404,754	-	404,754	-	-	-	-	-	-	-	-
Prepaid and other assets	2,778	-	-	-	-	-	598	-	192	1,988	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 759,867</b>	<b>\$ 136,467</b>	<b>\$ 404,754</b>	<b>\$ 10,675</b>	<b>\$ 1,428</b>	<b>\$ 69,625</b>	<b>\$ 5,488</b>	<b>\$ 4,222</b>	<b>\$ 57,658</b>	<b>\$ 69,550</b>	<b>\$ -</b>
<b>LIABILITIES AND NET ASSETS</b>											
Accounts payable:											
Due to other funds	\$ 279,679	\$ 136,467	\$ -	\$ 10,675	\$ 708	\$ 66,177	\$ 3,843	\$ (2,377)	\$ 44,267	\$ 19,919	\$ -
HUD	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:											
Compensated absences - current	11,584	-	-	-	-	-	-	-	-	11,584	-
Salaries and wages	9,359	-	-	-	-	-	-	-	1,415	7,944	-
Other	49,992	-	41,748	-	-	-	1,645	6,599	-	-	-
Deferred revenues	379,150	-	363,006	-	720	3,448	-	-	11,976	-	-
Compensated absences - noncurrent	30,103	-	-	-	-	-	-	-	-	30,103	-
Net assets	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 759,867</b>	<b>\$ 136,467</b>	<b>\$ 404,754</b>	<b>\$ 10,675</b>	<b>\$ 1,428</b>	<b>\$ 69,625</b>	<b>\$ 5,488</b>	<b>\$ 4,222</b>	<b>\$ 57,658</b>	<b>\$ 69,550</b>	<b>\$ -</b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**COMMUNITY DEVELOPMENT BLOCK GRANTS  
CFDA NO. 14.225**

Combining Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended September 30, 2006

	<u>TOTAL</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>	<u>B-04-ST- 66-0001</u>	<u>B-05-ST- 66-0001</u>	<u>B-06-ST- 66-0001</u>
Revenues:											
Federal contributions	\$ 2,093,614	\$ -	\$ -	\$ -	\$ -	\$ 1,976	\$ 176,621	\$ 756,751	\$ 719,188	\$ 439,078	\$ -
Other	<u>4,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,098,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>	<u>176,621</u>	<u>761,173</u>	<u>719,188</u>	<u>439,078</u>	<u>-</u>
Operating expenses:											
Administrative salaries	352,596	-	-	-	-	-	7,361	154,853	110,365	80,017	-
Employee benefits	110,829	-	-	-	-	-	2,043	46,005	36,749	26,032	-
Repair and maintenance	1,110,136	-	-	-	-	1,976	153,497	535,747	418,139	777	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-
Insurance	1,564	-	-	-	-	-	-	33	-	1,531	-
Travel	-	-	-	-	-	-	-	-	-	-	-
Other	<u>522,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,720</u>	<u>24,535</u>	<u>153,935</u>	<u>330,721</u>	<u>-</u>
Total operating expenses	<u>2,098,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>	<u>176,621</u>	<u>761,173</u>	<u>719,188</u>	<u>439,078</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>
Non-operating revenues (expenses):											
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>
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>
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>
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>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

COMMUNITY DEVELOPMENT BLOCK GRANTS  
CFDA NO. 14.225

Combining Statement of Cash Flows  
Year Ended September 30, 2006

	<u>TOTAL</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>	<u>B-04-ST- 66-0001</u>	<u>B-05-ST- 66-0001</u>	<u>B-06-ST- 66-0001</u>
Cash flows from operating activities:											
Receipts from customers	\$ 2,093,614	\$ -	\$ -	\$ -	\$ -	\$ 1,976	\$ 176,621	\$ 756,751	\$ 719,188	\$ 439,078	\$ -
Payments to suppliers	(1,476,798)	-	-	-	-	(1,976)	(9,404)	(560,315)	(572,074)	(333,029)	-
Payments to employees	(621,238)						(167,217)	(200,858)	(147,114)	(106,049)	
Other receipts	4,422	-	-	-	-	-	-	4,422	-	-	-
Net cash provided by (used in) operating activities	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:											
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Net cash used in capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:											
Increase in investmes	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing 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>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

COMMUNITY DEVELOPMENT BLOCK GRANTS  
CFDA NO. 14.225

Combining Statement of Cash Flows, Continued  
Year Ended September 30, 2006

	<u>TOTAL</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>	<u>B-04-ST- 66-0001</u>	<u>B-05-ST- 66-0001</u>	<u>B-06-ST- 66-0001</u>
Reconciliation of operating income (loss) to net cash provided by (used in) 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	(58,630)	-	-	-	-	-	8,369	(3,571)	4,134	(67,562)	-
Accounts receivable - Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	35,306	-	-	-	-	-	-	33	37,261	(1,988)	-
Increase (decrease) in liabilities:											
Accounts payable - Due to other funds	(9,364)	-	-	-	-	-	(8,697)	(3,061)	(17,525)	19,919	-
Accounts payable - HUD	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	5,841	-	-	-	-	-	-	-	(35,846)	41,687	-
Accrued salaries and wages	7,944	-	-	-	-	-	-	-	-	7,944	-
Deferred revenues	(29,772)	-	(41,748)	-	-	-	-	-	11,976	-	-
Other liabilities	48,675	-	41,748	-	-	-	328	6,599	-	-	-
Net cash provided by (used in) operating activities	\$ <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**

**LOW INCOME PUBLIC HOUSING**

CFDA No. 14.850a

Statement of Net Assets

September 30, 2006

ASSETS	Total
Current assets:	
Cash:	
Cash - General Fund	\$ 591,542
Restricted Cash - FSS Escrow	100,752
Restricted Cash - other	36,546
Total cash	<u>728,840</u>
Accounts receivable:	
Tenants	93,091
Promissory notes	3,964
HUD	82,610
Due from other programs	538,912
Others	30,582
	<u>749,159</u>
Allowance for doubtful accounts	(64,422)
Total accounts receivable	<u>684,737</u>
Inventories	<u>160,215</u>
Investments:	
General fund	921,817
Security deposits	166,455
Total investments	<u>1,088,272</u>
Prepaid and other current assets	<u>352,004</u>
Total current assets	<u>3,014,068</u>
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	65,318,652
Accumulated depreciation	(47,178,767)
Net capital assets	<u>18,139,885</u>
Other assets	<u>-</u>
Total noncurrent assets	<u>18,139,885</u>
Total Assets	<u><u>\$ 21,153,953</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**LOW INCOME PUBLIC HOUSING**

CFDA No. 14.850a

**Statement of Net Assets, Continued**

**September 30, 2006**

<u>LIABILITIES AND NET ASSETS</u>	<u>Total</u>
Liabilities:	
Accounts payable:	
Trade	\$ 105,145
HUD	362,318
Tenant security deposits	157,638
Due to other funds	823,552
Compensated absences, current portion	74,577
Accrued liabilities	106,140
Other	179,756
Total accounts payable	<u>1,809,126</u>
Deferred credits:	
Tenants prepaid rents	8,133
Other	-
Total deferred credits	<u>8,133</u>
Total current liabilities	<u>1,817,259</u>
Noncurrent liabilities:	
Compensated absences, net of current portion	110,942
Other	34,542
Total noncurrent liabilities	<u>145,484</u>
Total liabilities	<u>1,962,743</u>
Net Assets:	
Invested in capital assets, net of related debt	18,139,885
Restricted	36,546
Unrestricted	1,014,779
Total net assets	<u>19,191,210</u>
Total liabilities and net assets	<u><u>\$ 21,153,953</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**LOW INCOME PUBLIC HOUSING**

CFDA No. 14.850a

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2006

	<u>Total</u>
Operating revenues:	
Tenant rental income	\$ 188,540
HUD PHA Grants	3,060,983
Other income	<u>57,957</u>
Total operating revenues	<u>3,307,480</u>
Operating expenses:	
Depreciation	2,295,301
Administrative expense	966,115
Repairs and maintenance	751,388
Other	452,559
Tenant service	448,616
Employee benefits	281,053
Utilities	137,019
Bad debts	<u>36,610</u>
Total operating expenses	<u>5,368,661</u>
Operating loss	(2,061,181)
Non-operating revenues:	
Interest on general fund investments	40,493
Other income	15,156
Capital grants	<u>-</u>
Total non-operating revenues	<u>55,649</u>
Loss before adjustments and transfers	(2,005,532)
Adjustments and transfers	<u>13,966,101</u>
Change in net assets	11,960,569
Total net assets, beginning of year	<u>7,230,641</u>
Total net assets, end of year	<u><u>\$ 19,191,210</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**LOW INCOME PUBLIC HOUSING**

CFDA No. 14.850a

**Statement of Cash Flows**  
**Year Ended September 30, 2006**

	<u>Total</u>
Cash flows from operating activities:	
Receipts from customers	\$ 3,307,480
Payments to suppliers	(2,042,120)
Payments to employees	(1,061,895)
Other cash receipts	<u>55,649</u>
Net cash provided by operating activities	<u>259,114</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	<u>(43,713)</u>
Net cash used in capital and related financing activities	<u>(43,713)</u>
Cash flows from investing activities:	
Investment in time certificate of deposit	<u>(39,200)</u>
Net cash used in investing activities	<u>(39,200)</u>
Net increase in cash and cash equivalents	176,201
Cash and cash equivalents at beginning of year	<u>552,639</u>
Cash and cash equivalents at end of year	<u><u>\$ 728,840</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**LOW INCOME PUBLIC HOUSING**

CFDA No. 14.850a

Statement of Cash Flows, Continued

Year Ended September 30, 2006

	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Net operating loss	\$ (2,005,532)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	2,295,301
Bad debts	36,610
(Increase) decrease in assets:	
Accounts receivable:	
Tenants	(39,922)
Promissory notes	6,116
Due from other funds	839
Others	-
HUD	-
Accrued interest	-
Inventories	58,746
Other assets	(311,379)
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	90,111
HUD	-
Due to other funds	(60,166)
Compensated absences	20,225
Accrued salaries and wages	106,140
Others	25,454
Security deposits	8,442
Accrued liabilities	34,542
Deferred credits	(6,413)
Net cash provided by operating activities	<u>\$ 259,114</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, 2006

Assets	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
<b>Current assets:</b>					
Cash:					
Unrestricted	\$ 10,085,699	\$ -	\$ -	\$ -	\$ 10,085,699
Restricted - FSS escrow account	538,008	-	-	-	538,008
Total cash	<u>10,623,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,623,707</u>
Accounts receivable:					
HUD	1,214	-	-	-	1,214
Due from other funds	55,646	-	91,010	33,368	(68,732)
Other	110,052	-	16,850	(11,477)	104,679
Total accounts receivable	<u>166,912</u>	<u>-</u>	<u>107,860</u>	<u>21,891</u>	<u>37,161</u>
Prepaid expenses and other assets	9,887	-	-	-	9,887
Investments:					
Unrestricted	61,681	-	61,681	-	-
Restricted reserve fund	200,655	-	198,268	-	2,387
Total investments	<u>262,336</u>	<u>-</u>	<u>259,949</u>	<u>-</u>	<u>2,387</u>
Total current assets	<u>11,062,842</u>	<u>-</u>	<u>367,809</u>	<u>21,891</u>	<u>10,673,142</u>
<b>Noncurrent assets:</b>					
Capital Assets:					
Land, structures, and equipment	483,077	-	-	-	483,077
Accumulated depreciation	(348,111)	-	-	-	(348,111)
Total capital assets, net	<u>134,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,966</u>
Deferred assets	37,056	-	-	-	37,056
Total noncurrent assets	<u>172,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,022</u>
Total assets	<u>\$ 11,234,864</u>	<u>\$ -</u>	<u>\$ 367,809</u>	<u>\$ 21,891</u>	<u>\$ 10,845,164</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Accounts payable:					
HUD	\$ 1,661,066	\$ -	\$ -	\$ -	\$ 1,661,066
Accounts payable	51,754	-	-	-	51,754
Accrued salaries and wages	55,709	-	-	-	55,709
Due to other funds	1,986,777	-	-	-	1,986,777
Compensated absences, current portion	49,286	-	-	-	49,286
Other	213,105	-	-	-	213,105
Total current liabilities	<u>4,017,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,017,697</u>
<b>Noncurrent Liabilities:</b>					
Compensated absences, net of current portion	68,984	-	-	-	68,984
Other liabilities	29,357	-	-	-	29,357
Total noncurrent liabilities	<u>98,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,341</u>
Total Liabilities	<u>4,116,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,116,038</u>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	134,966	-	-	-	134,966
Restricted	-	-	-	-	-
Unrestricted	6,983,860	-	367,809	21,891	6,594,160
Total Net Assets	<u>7,118,826</u>	<u>-</u>	<u>367,809</u>	<u>21,891</u>	<u>6,729,126</u>
Total Liabilities and Net Assets	<u>\$ 11,234,864</u>	<u>\$ -</u>	<u>\$ 367,809</u>	<u>\$ 21,891</u>	<u>\$ 10,845,164</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, 2006

		Contract No. SF-462			
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Operating revenues:					
HUD PHA Grants	\$ 30,074,252	\$ -	\$ -	\$ -	\$ 30,074,252
Other income	66,467	-	-	-	66,467
Total operating revenues	30,140,719	-	-	-	30,140,719
Operating expenses:					
Housing assistance payments	24,639,187	-	-	-	24,639,187
Administrative expense	1,012,885	-	-	-	1,012,885
Employee benefit contribution	278,950	-	-	-	278,950
Depreciation	42,914	-	-	-	42,914
Other	235,373	-	-	-	235,373
Total operating expenses	26,209,309	-	-	-	26,209,309
Operating income	3,931,410	-	-	-	3,931,410
Non-operating revenues:					
Interest on operating reserve investments	4,329	-	4,243	-	86
Interest on general fund investments	5,118	-	5,118	-	-
Other income	369,784	-	-	-	369,784
Total non-operating revenues	379,231	-	9,361	-	369,870
Income before adjustments and transfers	4,310,641	-	9,361	-	4,301,280
Adjustments and transfers	-	-	-	-	-
Change in net assets	4,310,641	-	9,361	-	4,301,280
Total net assets, beginning of year	1,153,253	-	358,448	21,891	772,914
Prior period adjustments	1,654,932	-	-	-	1,654,932
Total net assets, end of year	\$ 7,118,826	\$ -	\$ 367,809	\$ 21,891	\$ 6,729,126

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, 2006

		Contract No. SF-462			
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Cash flows from operating activities:					
Receipts from customers	\$ 30,074,252	\$ -	\$ -	\$ -	\$ 30,074,252
Payments to suppliers	(24,874,560)	-	-	-	(24,874,560)
Payments to employees	(1,291,835)	-	-	-	(1,291,835)
Other cash receipts (payments)	361,531	-	9,361	-	352,170
Net cash provided by (used in) operating activities	4,269,388	-	9,361	-	4,260,027
Cash flows from capital and related financing activities:					
Fixed asset acquisitions	(25,623)	-	-	-	(25,623)
Net cash flows used for capital and related financing activities	(25,623)	-	-	-	(25,623)
Cash flows from investing activities:					
Decrease (increase) in investments	(9,447)	-	(9,361)	-	(86)
Increase in restricted assets	(106,247)	-	-	-	(106,247)
Net cash provided by (used in) investing activities	(115,694)	-	(9,361)	-	(106,333)
Net decrease in cash and cash equivalents	4,128,071	-	-	-	4,128,071
Cash and cash equivalents at beginning of year	6,495,636	-	-	-	6,495,636
Cash and cash equivalents at end of year	\$ 10,623,707	\$ -	\$ -	\$ -	\$ 10,623,707
Cash, including time deposits	\$ 10,085,699	-	-	-	10,085,699
Restricted cash, including time deposits	538,008	-	-	-	538,008
Total cash and cash equivalents at end of year	\$ 10,623,707	\$ -	\$ -	\$ -	\$ 10,623,707

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, 2006

	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	\$ 4,310,641	\$ -	\$ 9,361	\$ -	\$ 4,301,280
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	42,914	-	-	-	42,914
Prior period expense adjustment	1,654,932				1,654,932
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	124,378	-	-	-	124,378
Other	-	-	(11,477)	11,477	-
Prepaid expenses and other assets	(42,011)	-	-	-	(42,011)
Increase (decrease) in liabilities:					
Accounts payable:					
HUD	(1,654,932)	-	11,477	(11,477)	(1,654,932)
Accounts payable	51,754	-	-	-	51,754
Accrued salaries and wages	55,709	-	-	-	55,709
Compensated absences	13,646	-	-	-	13,646
Due to other funds	69,877	-	-	-	69,877
Other	(386,877)	-	-	-	(386,877)
Other accrued liabilities	29,357	-	-	-	29,357
Net cash provided by (used in) operating activities	<u>\$ 4,269,388</u>	<u>\$ -</u>	<u>\$ 9,361</u>	<u>\$ -</u>	<u>\$ 4,260,027</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**CAPITAL FUND PROGRAM  
CFDA NO. 14.872**

**Combining Statement of Net Assets  
September 30, 2006**

<b>ASSETS</b>	<b>Total</b>	<b>GQ-711</b>	<b>GQ-50100</b>	<b>GQ-50101</b>	<b>GQ-50102</b>	<b>GQ-50103</b>	<b>GQ-50104</b>	<b>GQ-50105</b>	<b>GQ8D001501-03</b>	<b>GQ08P001501-06</b>
<b>Current assets:</b>										
Cash:										
Cash - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash - FSS Escrow	-	-	-	-	-	-	-	-	-	-
Restricted Cash - other	-	-	-	-	-	-	-	-	-	-
Total cash	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
Tenants	-	-	-	-	-	-	-	-	-	-
Promissory notes	-	-	-	-	-	-	-	-	-	-
HUD	127,385	-	-	-	-	-	80,716	46,669	-	-
Due from other programs	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
	127,385	-	-	-	-	-	80,716	46,669	-	-
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-
Total accounts receivable	127,385	-	-	-	-	-	80,716	46,669	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Investments:										
General fund	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	15,851	-	14,863	-	-	715	273	-	-	-
Total current assets	143,236	-	14,863	-	-	715	80,989	46,669	-	-
<b>Noncurrent assets:</b>										
Capital Assets:										
Land, structures and equipment, at cost	12,079,272	6,114,249	1,491,224	1,397,655	1,268,925	907,722	884,189	15,308	-	-
Accumulated depreciation	(51,581)	-	(10,839)	(30,129)	(6,107)	(4,276)	(230)	-	-	-
Net capital assets	12,027,691	6,114,249	1,480,385	1,367,526	1,262,818	903,446	883,959	15,308	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	12,027,691	6,114,249	1,480,385	1,367,526	1,262,818	903,446	883,959	15,308	-	-
<b>Total Assets</b>	<b>\$ 12,170,927</b>	<b>\$ 6,114,249</b>	<b>\$ 1,495,248</b>	<b>\$ 1,367,526</b>	<b>\$ 1,262,818</b>	<b>\$ 904,161</b>	<b>\$ 964,948</b>	<b>\$ 61,977</b>	<b>\$ -</b>	<b>\$ -</b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

CAPITAL FUND PROGRAM  
CFDA NO. 14.872

Combining Statement of Net Assets, Continued  
September 30, 2006

<b>LIABILITIES AND NET ASSETS</b>	<b>Total</b>	<b>GQ-711</b>	<b>GQ-50100</b>	<b>GQ-50101</b>	<b>GQ-50102</b>	<b>GQ-50103</b>	<b>GQ-50104</b>	<b>GQ-50105</b>	<b>GQ8D001501-03</b>	<b>GQ08P001501-06</b>
<b>Liabilities:</b>										
Accounts payable:										
Due to other funds	\$ 86,070	\$ -	\$ 14,423	\$ -	\$ (16,783)	\$ (1,361)	\$ 71,888	\$ 18,323	\$ (420)	\$ -
Compensated absences, current portion	9,807	-	-	-	-	-	-	9,807	-	-
Accrued liabilities	9,126	-	-	-	25	-	9,101	-	-	-
Total accounts payable	105,003	-	14,423	-	(16,758)	(1,361)	80,989	28,130	(420)	-
Deferred credits:										
Deferred revenue	19,694	-	440	-	16,758	2,076	-	-	420	-
Total deferred credits	19,694	-	440	-	16,758	2,076	-	-	420	-
Total current liabilities	124,697	-	14,863	-	-	715	80,989	28,130	-	-
Noncurrent liabilities:										
Compensated absences, net of current portion	18,539	-	-	-	-	-	-	18,539	-	-
Total noncurrent liabilities	18,539	-	-	-	-	-	-	18,539	-	-
Total liabilities	143,236	-	14,863	-	-	715	80,989	46,669	-	-
<b>Net Assets:</b>										
Invested in capital assets, net of related debt	12,027,691	6,114,249	1,480,385	1,367,526	1,262,818	903,446	883,959	15,308	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total net assets	12,027,691	6,114,249	1,480,385	1,367,526	1,262,818	903,446	883,959	15,308	-	-
Total liabilities and net assets	\$ 12,170,927	\$ 6,114,249	\$ 1,495,248	\$ 1,367,526	\$ 1,262,818	\$ 904,161	\$ 964,948	\$ 61,977	\$ -	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**CAPITAL FUND PROGRAM**

CFDA NO. 14.872

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06
Operating revenues:										
HUD PHA Grants	\$ 305,396	\$ -	\$ -	\$ 1,039	\$ 46,891	\$ 17,097	\$ 209,008	\$ 31,361	\$ -	\$ -
Other income	2,551	-	385	-	1,296	250	620	-	-	-
Total operating revenues	<u>307,947</u>	<u>-</u>	<u>385</u>	<u>1,039</u>	<u>48,187</u>	<u>17,347</u>	<u>209,628</u>	<u>31,361</u>	<u>-</u>	<u>-</u>
Operating expenses:										
Depreciation	19,476	-	3,613	10,110	2,890	2,633	230	-	-	-
Administrative expense	186,334	-	-	-	38,859	12,245	106,884	28,346	-	-
Repairs and maintenance	60,762	-	-	-	-	-	60,762	-	-	-
Other	17,807	-	385	-	189	1,124	13,094	3,015	-	-
Employee benefits	43,045	-	-	1,039	9,140	3,978	28,888	-	-	-
Total operating expenses	<u>327,424</u>	<u>-</u>	<u>3,998</u>	<u>11,149</u>	<u>51,078</u>	<u>19,980</u>	<u>209,858</u>	<u>31,361</u>	<u>-</u>	<u>-</u>
Operating loss	(19,477)	-	(3,613)	(10,110)	(2,891)	(2,633)	(230)	-	-	-
Non-operating revenues:										
Interest on general fund investments	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Capital grants	839,227	-	-	-	1,110	-	822,809	15,308	-	-
Total non-operating revenues	<u>839,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110</u>	<u>-</u>	<u>822,809</u>	<u>15,308</u>	<u>-</u>	<u>-</u>
Income (loss) before adjustments and transfers	819,750	-	(3,613)	(10,110)	(1,781)	(2,633)	822,579	15,308	-	-
Adjustments and transfers	-	-	-	-	-	-	-	-	-	-
Change in net assets	819,750	-	(3,613)	(10,110)	(1,781)	(2,633)	822,579	15,308	-	-
Total net assets, beginning of year	<u>11,207,941</u>	<u>6,114,249</u>	<u>1,483,998</u>	<u>1,377,636</u>	<u>1,264,599</u>	<u>906,079</u>	<u>61,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, end of year	<u>\$ 12,027,691</u>	<u>\$ 6,114,249</u>	<u>\$ 1,480,385</u>	<u>\$ 1,367,526</u>	<u>\$ 1,262,818</u>	<u>\$ 903,446</u>	<u>\$ 883,959</u>	<u>\$ 15,308</u>	<u>\$ -</u>	<u>\$ -</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

CAPITAL FUND PROGRAM  
CFDA No. 14.872

Statement of Cash Flows  
Year Ended September 30, 2006

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06
Cash flows from operating activities:										
Receipts from customers	\$ 1,142,474	\$ -	\$ -	\$ -	\$ 46,891	\$ 17,097	\$ 1,031,817	\$ 46,669	\$ -	\$ -
Payments to suppliers	(78,568)	-	(385)	-	(188)	(1,124)	(73,856)	(3,015)	-	-
Payments to employees	(228,340)	-	-	-	(47,999)	(16,223)	(135,772)	(28,346)	-	-
Other cash receipts	3,661	-	385	-	2,406	250	620	-	-	-
Net cash provided by operating activities	839,227	-	-	-	1,110	-	822,809	15,308	-	-
Cash flows from capital and related financing activities:										
Acquisition of fixed assets	(839,227)	-	-	-	(1,110)	-	(822,809)	(15,308)	-	-
Net cash used in capital and related financial activities	(839,227)	-	-	-	(1,110)	-	(822,809)	(15,308)	-	-
Cash flows from investing activities:										
Investment in time certificate of deposit	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:										
Net operating income	819,750	\$ -	\$ (3,613)	\$ (10,110)	\$ (1,781)	\$ (2,633)	\$ 822,579	\$ 15,308	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by operating activities:										
Depreciation	19,476	-	3,613	10,110	2,890	2,633	230	-	-	-
(Increase) decrease in assets:										
Due from other funds	-	-	-	-	-	-	-	-	-	-
Accounts receivable - HUD	(102,334)	-	-	-	8,752	893	(65,310)	(46,669)	-	-
Prepaid assets	8,600	-	-	-	-	(190)	8,790	-	-	-
Other assets	9,271	-	-	-	-	-	9,271	-	-	-
Increase (decrease) in liabilities:										
Due to other funds	46,750	-	385	(1,039)	(24,213)	(2,768)	56,482	18,323	(420)	-
Compensated absences	14,308	-	-	-	-	-	(14,038)	28,346	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	5,225	-	-	-	-	-	4,805	-	420	-
Deferred credits	18,181	-	(385)	1,039	15,462	2,065	-	-	-	-
Net cash provided by operating activities	\$ 839,227	\$ -	\$ -	\$ -	\$ 1,110	\$ -	\$ 822,809	\$ 15,308	\$ -	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Non-Major Enterprise Funds

Combining Statement of Net Assets

September 30, 2006

ASSETS	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care	Resident Opportunity and Supportive Services	Home Investment Partnership Program	Emergency Shelter Grants Program	Public Housing Comprehensive Grant Funds	Compact Impact Grant Funds	Expanded Medical Capacity Grant
Current assets:										
Cash										
Unrestricted	\$ 924,014	\$ 129,619	\$ -	\$ -	\$ -	\$ 794,395	\$ -	\$ -	\$ -	\$ -
Restricted	189,313	189,313	-	-	-	-	-	-	-	-
Security deposit	14,017	14,017	-	-	-	-	-	-	-	-
Total cash	<u>1,127,344</u>	<u>332,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable:										
Tenants	8,833	8,833	-	-	-	-	-	-	-	-
Due from other funds	70,311	344	-	-	4,118	61,571	4,278	-	-	-
HUD	496,411	170,348	135,277	15,393	-	174,800	593	-	-	-
Other	20,257	20,257	-	-	-	-	-	-	-	-
Total accounts receivable	<u>595,812</u>	<u>199,782</u>	<u>135,277</u>	<u>15,393</u>	<u>4,118</u>	<u>236,371</u>	<u>4,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments:										
Unrestricted	-	-	-	-	-	-	-	-	-	-
Restricted/reserved by fiscal agent	185,382	185,382	-	-	-	-	-	-	-	-
Total investments	<u>185,382</u>	<u>185,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid and other assets	33,102	13,938	-	-	4,198	14,483	483	-	-	-
Other real estate	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>1,941,640</u>	<u>732,051</u>	<u>135,277</u>	<u>15,393</u>	<u>8,316</u>	<u>1,045,249</u>	<u>5,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent assets:										
Capital assets, net	2,301,550	2,301,550	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total non-current assets	<u>2,301,550</u>	<u>2,301,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,243,190</u>	<u>\$ 3,033,601</u>	<u>\$ 135,277</u>	<u>\$ 15,393</u>	<u>\$ 8,316</u>	<u>\$ 1,045,249</u>	<u>\$ 5,354</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  
Combining Statement of Net Assets, Continued  
September 30, 2006

LIABILITIES AND NET ASSETS	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care	Resident Opportunity and Supportive Services	Home Investment Partnership Program	Emergency Shelter Grants Program	Public Housing Comprehensive Grant Funds	Compact Impact Grant Funds	Expanded Medical Capacity Grant
Liabilities:										
Accounts payable:										
Current portion of long-term debt	\$ 34,000	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vendors and contractors	11,254	3,104	-	-	-	8,150	-	-	-	-
Current portion of compensated absences	9,911	3,681	-	-	-	6,230	-	-	-	-
Due to other funds	834,478	467,420	131,760	15,393	-	219,905	-	-	-	-
Deposits	13,415	13,415	-	-	-	-	-	-	-	-
Accounts payable other	20,644	2,482	-	-	-	18,162	-	-	-	-
Accrued salaries and wages	6,490	6,149	-	-	-	-	341	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Deferred credits	793,271	-	3,517	-	8,316	776,425	5,013	-	-	-
Other current liabilities	3,458	3,458	-	-	-	-	-	-	-	-
Total Liabilities	<u>1,726,921</u>	<u>533,709</u>	<u>135,277</u>	<u>15,393</u>	<u>8,316</u>	<u>1,028,872</u>	<u>5,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:										
Long-term portion of notes payable	1,518,356	1,518,356	-	-	-	-	-	-	-	-
Accrued compensated absences	18,862	2,485	-	-	-	16,377	-	-	-	-
Other liabilities	4,565	4,565	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>1,541,783</u>	<u>1,525,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,268,704</u>	<u>2,059,115</u>	<u>135,277</u>	<u>15,393</u>	<u>8,316</u>	<u>1,045,249</u>	<u>5,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets:										
Invested capital assets, net of related debt	749,193	749,193	-	-	-	-	-	-	-	-
Restricted	374,695	374,695	-	-	-	-	-	-	-	-
Unrestricted	<u>(149,402)</u>	<u>(149,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>974,486</u>	<u>974,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 4,243,190</u>	<u>\$ 3,033,601</u>	<u>\$ 135,277</u>	<u>\$ 15,393</u>	<u>\$ 8,316</u>	<u>\$ 1,045,249</u>	<u>\$ 5,354</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  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

		Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care	Resident Opportunity and Supportive Services	Home Investment Partnership Program	Emergency Shelter Grants Program	Public Housing Comprehensive Grant Funds	Compact Impact Grant Funds	Expanded Medical Capacity Grant
	<u>TOTAL</u>									
Operating revenues:										
Tenant rental income	\$ 66,859	\$ 66,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HUD PHA Operating Grants	2,130,661	398,904	640,281	147,379	-	841,235	102,862	-	-	-
Other Federal Grants	90,964	-	-	-	-	-	-	-	29,130	61,834
Other income	1,085,303	-	-	-	-	1,085,303	-	-	-	-
Total operating revenues	<u>3,373,787</u>	<u>465,763</u>	<u>640,281</u>	<u>147,379</u>	<u>-</u>	<u>1,926,538</u>	<u>102,862</u>	<u>-</u>	<u>29,130</u>	<u>61,834</u>
Operating expenses:										
Administrative expense	399,264	90,677	12,126	-	-	291,899	4,562	-	-	-
Employee benefits	113,651	24,287	3,335	-	-	84,292	1,737	-	-	-
Utilities	89,367	88,696	-	-	-	671	-	-	-	-
Insurance	9,657	9,657	-	-	-	-	-	-	-	-
Repairs and maintenance	536,148	55,349	-	-	-	480,799	-	-	-	-
Depreciation	73,751	73,751	-	-	-	-	-	-	-	-
Other	2,079,199	50,596	624,820	147,379	-	1,068,877	96,563	-	29,130	61,834
Total operating expenses	<u>3,301,037</u>	<u>393,013</u>	<u>640,281</u>	<u>147,379</u>	<u>-</u>	<u>1,926,538</u>	<u>102,862</u>	<u>-</u>	<u>29,130</u>	<u>61,834</u>
Operating income	<u>72,750</u>	<u>72,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses):										
Interest income on unrestricted investments	7,833	7,833	-	-	-	-	-	-	-	-
Other income	2,807	2,807	-	-	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-	-	-	-	-
Interest expense	(93,240)	(93,240)	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	<u>(82,600)</u>	<u>(82,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before adjustments and transfers	<u>(9,850)</u>	<u>(9,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjustments and transfers	<u>(13,966,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,966,101)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(13,975,951)</u>	<u>(9,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,966,101)</u>	<u>-</u>	<u>-</u>
Total net assets at beginning of year	<u>14,950,437</u>	<u>984,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,966,101</u>	<u>-</u>	<u>-</u>
Total net assets at end of year	<u>\$ 974,486</u>	<u>\$ 974,486</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**

Non-Major Enterprise Funds  
Combining Statement of Cash Flows  
Year Ended September 30, 2006

	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care	Resident Opportunity and Supportive Services	Home Investment Partnership Program	Emergency Shelter Grants Program	Public Housing Comprehensive Grant Funds	Compact Impact Grant Funds	Expanded Medical Capacity Grant
Cash flows from operating activities:										
Receipts from customers	\$ 2,967,320	\$ 59,296	\$ 640,281	\$ 147,379	\$ -	\$ 1,926,538	\$ 102,862	\$ -	\$ 29,130	\$ 61,834
Payments to suppliers	(1,847,804)	(222,390)	(624,820)	(147,379)	-	(755,952)	(6,299)	-	(29,130)	(61,834)
Payments to employees	(586,553)	(90,677)	(15,461)	-	-	(383,852)	(96,563)	-	-	-
Other cash receipts	396,165	396,165	-	-	-	-	-	-	-	-
Net cash provided by operating activities	929,128	142,394	-	-	-	786,734	-	-	-	-
Cash flows from capital and related financing activities:										
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-
Net cash used in capital and related financing activities	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:										
Repayment of notes payable	(33,241)	(33,241)	-	-	-	-	-	-	-	-
Increase in investments	(6,721)	(6,721)	-	-	-	-	-	-	-	-
Net cash used in investing activities	(39,962)	(39,962)	-	-	-	-	-	-	-	-
Net increase in cash and cash equivalents	889,166	102,432	-	-	-	786,734	-	-	-	-
Cash and cash equivalents at beginning of year	238,178	230,517	-	-	-	7,661	-	-	-	-
Cash and cash equivalents at end of year	\$ 1,127,344	\$ 332,949	\$ -	\$ -	\$ -	\$ 794,395	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided by operating activities:										
Net loss	\$ (9,850)	\$ (9,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by operating activities:										
Depreciation	73,751	73,751	-	-	-	-	-	-	-	-
(Increase) decrease in assets:										
Accounts receivable:										
Due from other funds	(29,417)	(344)	(23,263)	(2,332)	4,198	(3,258)	(4,418)	-	-	-
HUD	21,186	-	(39,480)	-	-	61,259	(593)	-	-	-
Tenants	(7,563)	(7,563)	-	-	-	-	-	-	-	-
Others	(14)	1	-	-	-	-	(15)	-	-	-
Prepaid and other assets	20,497	(5,999)	-	-	-	26,496	-	-	-	-
Increase (decrease) in liabilities:										
Due to other funds	136,939	89,878	62,744	2,332	(4,198)	(13,545)	(272)	-	-	-
Vendors and contractors	8,150	-	-	-	-	8,150	-	-	-	-
Accrued salaries and wages	341	-	-	-	-	-	341	-	-	-
Deposits	757	757	-	-	-	-	-	-	-	-
Compensated absences	(12,953)	-	-	-	-	(12,953)	-	-	-	-
Accrued liabilities	2,370	2,370	-	-	-	-	-	-	-	-
Deferred revenue	4,957	-	-	-	-	-	4,957	-	-	-
Other	719,977	(607)	(1)	-	-	720,585	-	-	-	-
Net cash provided by operating activities	\$ 929,128	\$ 142,394	\$ -	\$ -	\$ -	\$ 786,734	\$ -	\$ -	\$ -	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING FOR THE ELDERLY**

CFDA NO. 14.157  
Statement of Net Assets  
September 30, 2006

**ASSETS**

Current assets		
Cash:		
Unrestricted	\$	129,619
Restricted		189,313
Security deposits		14,017
Total cash		<u>332,949</u>
Accounts receivable:		
HUD		170,348
Due from other funds		344
Tenants		8,833
Other		20,257
Total accounts receivable		<u>199,782</u>
Restricted investments in time certificates of deposit		185,382
Prepaid and other current assets		<u>13,938</u>
Total current assets		<u>732,051</u>
Noncurrent assets:		
Capital assets, net		<u>2,301,550</u>
Total noncurrent assets		<u>2,301,550</u>
Total assets	\$	<u><u>3,033,601</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Current liabilities:		
Accounts payable:		
Current portion of long-term debt	\$	34,000
Vendors		3,104
Due to other funds		467,420
Other		2,482
Total accounts payable		<u>507,006</u>
Accrued liabilities:		
Compensated absences - current portion		3,681
Accrued payroll		6,149
Other		3,458
Total accrued liabilities		<u>13,288</u>
Security deposits		<u>13,415</u>
Total current liabilities		533,709
Noncurrent liabilities:		
Long-term debt, net of current portion		1,518,356
Compensated absences		2,485
Other liabilities		4,565
Total noncurrent liabilities		<u>1,525,406</u>
Total liabilities		<u>2,059,115</u>
Net assets:		
Invested capital assets, net of related debt		749,193
Restricted		374,695
Unrestricted		<u>(149,402)</u>
Total Net Assets		<u>974,486</u>
Total Liabilities and Net Assets	\$	<u><u>3,033,601</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING FOR THE ELDERLY**

CFDA NO. 14.157

**Statement of Revenues, Expenses and Changes in Net Assets**

**Year Ended September 30, 2006**

Operating revenues:	
Tenant income	\$ 66,859
HUD PHA grants	398,904
Other income	-
Total operating revenues	<u>465,763</u>
Operating expenses:	
Administrative expense	90,677
Employee benefits	24,287
Utilities	88,696
Depreciation	73,751
Insurance	9,657
Repairs and maintenance	55,349
Other	50,596
Total operating expenses	<u>393,013</u>
Operating income	<u>72,750</u>
Non-operating revenues (expenses):	
Interest income	7,833
Interest expense	(93,240)
Other income	2,807
Total non-operating revenues (expenses)	<u>(82,600)</u>
Change in net assets	(9,850)
Total net assets at beginning of year	<u>984,336</u>
Total net assets at end of year	<u>\$ 974,486</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING FOR THE ELDERLY**

CFDA NO. 14.157

Statement of Cash Flows

Year Ended September 30, 2006

Cash flows from operating activities:	
Receipts from customers	\$ 59,296
Payments to suppliers	(222,390)
Payments to employees	(90,677)
Other cash receipts	<u>396,165</u>
Net cash provided by operating activities	<u>142,394</u>
Cash flows from investing activities:	
Repayment of notes payable, net of proceeds	(33,241)
Increase in investments	<u>(6,721)</u>
Net cash used in investing activities	<u>(39,962)</u>
Net increase in cash and cash equivalents	102,432
Cash and cash equivalents at beginning of year	<u>230,517</u>
Cash and cash equivalents at end of year	<u><u>\$ 332,949</u></u>
Cash and cash equivalents consist of the following:	
Cash	\$ 129,619
Security deposits	14,017
Restricted cash, including time deposits	<u>189,313</u>
Total cash and cash equivalents at end of year	<u><u>\$ 332,949</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING FOR THE ELDERLY**

CFDA NO. 14.157

Statement of Cash Flows, Continued

Year Ended September 30, 2006

Reconciliation of operating loss to net cash provided by  
operating activities:

Net loss	\$	(9,850)
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Adjustments to reconcile net loss to net cash provided by  
operating activities:

Depreciation		73,751
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(Increase) decrease in assets:

Accounts receivable:

Due from other funds		(344)
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Tenants		(7,563)
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Other		1
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Prepaid and other assets		(5,999)
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Increase (decrease) in liabilities:

Accounts payable:

Due to other funds		89,878
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Other		(607)
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Accrued liabilities		2,370
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Security deposits		757
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Deferred credits		-
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Net cash provided by operating activities	\$	<u>142,394</u>
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The accompanying notes are an integral part of these financial statements.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

SUPPORTIVE HOUSING PROGRAM  
CFDA NO. 14.235

Combining Statement of Net Assets  
September 30, 2006

<u>ASSETS</u>	<u>Total</u>	<u>GUO8-B10-0002</u>	<u>GUO8-B30-0001</u>	<u>GUO8-B20-0001</u>	<u>GUO8-B20-0002</u>	<u>GUO8-B20-0003</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:						
HUD	135,277	3,484	24,148	15,332	-	92,313
Due from other funds	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ <u>135,277</u></b>	<b>\$ <u>3,484</u></b>	<b>\$ <u>24,148</u></b>	<b>\$ <u>15,332</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>92,313</u></b>

LIABILITIES AND NET ASSETS

Accounts payable:						
Due to other funds	\$ 131,760	\$ 3,484	\$ 24,148	\$ 15,103	\$ (3,288)	\$ 92,313
HUD	-	-	-	-	-	-
Accrued liabilities:						
Compensated absences - current	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other liabilities	3,517	-	-	229	3,288	-
Compensated absences - noncurrent	-	-	-	-	-	-
Net assets	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ <u>135,277</u></b>	<b>\$ <u>3,484</u></b>	<b>\$ <u>24,148</u></b>	<b>\$ <u>15,332</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>92,313</u></b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING PROGRAM**

CFDA NO. 14.235

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2006

	Total	GUO8-B10- 0002	GUO8-B30- 0001	GUO8-B20- 0001	GUO8-B20- 0002	GUO8-B20- 0003
Revenues:						
Federal contributions	\$ 640,281	\$ -	\$ 73,205	\$ 17,614	\$ 23,559	\$ 525,903
Other	-	-	-	-	-	-
Total Revenues	640,281	-	73,205	17,614	23,559	525,903
Operating expenses:						
Administrative salaries	12,126	-	1,294	107	292	10,433
Employee benefits	3,335	-	400	41	82	2,812
Repair and maintenance	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Other	624,820	-	71,511	17,466	23,185	512,658
Total operating expenses	640,281	-	73,205	17,614	23,559	525,903
Operating income	-	-	-	-	-	-
Non-operating revenues (expenditures):						
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-	-	-
Change in net assets	-	-	-	-	-	-
Total net assets, beginning of year	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-
Total net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING PROGRAM  
CFDA NO. 14.235**

**Combining Statement of Cash Flows  
Year Ended September 30, 2006**

	<u>Total</u>	<u>GUO8-B10- 0002</u>	<u>GUO8-B30- 0001</u>	<u>GUO8-B20- 0001</u>	<u>GUO8-B20- 0002</u>	<u>GUO8-B20- 0003</u>
Cash flows from operating activities:						
Receipts from customers	\$ 640,281	\$ -	\$ 73,205	\$ 17,614	\$ 23,559	\$ 525,903
Payments to suppliers	(624,820)	-	(71,511)	(17,466)	(23,185)	(512,658)
Payments to employees	(15,461)	-	(1,694)	(148)	(374)	(13,245)
Net cash provided by (used in) operating activities	-	-	-	-	-	-
Cash flows from capital and related financing activities:						
Acquisition of fixed assets	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	-
Cash flows from investing activities:						
Increase in investment	-	-	-	-	-	-
Net cash provided by (used in) investing 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>
Reconciliation of operating income (loss) to net cash provided by (used in) 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	(39,480)	-	(24,148)	(15,332)	-	-
Accounts receivable - Due from other funds	(23,263)	1	-	-	-	(23,264)
Other assets	-	-	-	-	-	-
Increase (decrease) in liabilities:						
Accounts payable - Due to other funds	62,744	(1)	24,148	15,333	-	23,264
Accounts payable - HUD	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-
Other liabilities	(1)	-	-	(1)	-	-
Net cash provided by (used in) operating activities	<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**

**SHELTER PLUS CARE PROGRAM  
CFDA NO. 14.238**

Statement of Net Assets  
September 30, 2006

<u>ASSETS</u>	<u>GUO8-C10- 0001</u>
Cash	\$ -
Accounts Receivable:	
HUD	15,393
Due from other funds	-
Prepaid and other assets	-
Capital assets, net	<u>-</u>
TOTAL	\$ <u><u>15,393</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
Accounts payable:	
Due to other funds	\$ 15,393
HUD	-
Accrued liabilities	<u>-</u>
Total liabilities	15,393
Net assets	<u>-</u>
TOTAL	\$ <u><u>15,393</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SHELTER PLUS CARE PROGRAM**

**CFDA NO. 14.238**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Year Ended September 30, 2006**

	GUO8-C10- 0001
Revenues:	
Federal contributions	\$ 147,379
Other	-
Total Revenues	<u>147,379</u>
Operating expenses:	
Administrative salaries	-
Employee benefits	-
Depreciation	-
Other	147,379
Total operating expenses	<u>147,379</u>
Operating income	<u>-</u>
Non-operating revenues (expenditures):	
Interest income	-
Interest expense	-
Total non-operating revenues (expenses)	<u>-</u>
Change in net assets	-
Total net assets, beginning of year	<u>-</u>
Total net assets, end of year	\$ <u><u>-</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SHELTER PLUS CARE PROGRAM  
CFDA NO. 14.238**

**Statement of Cash Flows  
Year Ended September 30, 2006**

	GUO8-C10- 0001
Cash flows from operating activities:	
Receipts from customers	\$ 147,379
Payments to suppliers	(147,379)
Payments to employees	<u>-</u>
Net cash provided by (used in) operating activities	<u>-</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Increase in investments	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning year	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>-</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) 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	-
Accounts receivable - Due from other funds	
Other assets	-
Increase (decrease) in liabilities:	
Accounts payable - Due to other funds	
Accounts payable - HUD	-
Accrued expenses	-
Other liabilities	<u>-</u>
Net cash provided by (used in) operating activities	\$ <u><u>-</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES**

CFDA NO. 14.870

**Statement of Net Assets**

September 30, 2006

ASSETS	Total
Current assets:	
Cash:	
Cash - General Fund	\$ -
Restricted Cash - FSS Escrow	-
Restricted Cash - other	-
Total cash	-
Accounts receivable:	
Tenants	-
Promissory notes	-
HUD	-
Due from other programs	4,118
Others	-
	4,118
Allowance for doubtful accounts	-
Total accounts receivable	4,118
Inventories	-
Investments:	
General fund	-
Security deposits	-
Total investments	-
Prepaid and other current assets	4,198
Total current assets	8,316
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	-
Accumulated depreciation	-
Net capital assets	-
Other assets	-
Total noncurrent assets	-
Total Assets	\$ 8,316

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES**

**CFDA NO. 14.870**

**Statement of Net Assets, Continued**

**September 30, 2006**

<b>LIABILITIES AND NET ASSETS</b>	<b>TOTAL</b>
Liabilities:	
Accounts payable:	
Trade	\$ -
HUD	-
Tenant security deposits	-
Due to other funds	-
Compensated absences, current portion	-
Accrued liabilities	-
Other	-
Total accounts payable	-
Deferred credits:	
Tenants prepaid rents	-
Other	8,316
Total deferred credits	8,316
Total current liabilities	8,316
Noncurrent liabilities:	
Other	-
Compensated absences, net of current portion	-
Total noncurrent liabilities	-
Total liabilities	8,316
Net Assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	-
Total liabilities and net assets	\$ 8,316

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES**

CFDA NO. 14.870

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2006

	<u>TOTAL</u>
Operating revenues:	
Tenant rental income	\$ -
HUD PHA Grants	-
Other income	-
Total operating revenues	<u>-</u>
Operating expenses:	
Depreciation	-
Administrative expense	-
Repairs and maintenance	-
Other	-
Tenant service	-
Employee benefits	-
Utilities	-
Bad debts	-
Total operating expenses	<u>-</u>
Operating loss	-
Non-operating revenues:	
Interest on general fund investments	-
Other income	-
Capital grants	-
Total non-operating revenues	<u>-</u>
Income (loss) before adjustments and transfers	-
Adjustments and transfers	<u>-</u>
Change in net assets	-
Total net assets, beginning of year	<u>-</u>
Total net assets, end of year	<u><u>\$ -</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES**

CFDA NO. 14.870

Statement of Cash Flows  
Year Ended September 30, 2006

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers	-
Payments to employees	-
Other cash receipts (payments)	-
	<hr/>
Net cash provided by (used in) operating activities	-
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	-
	<hr/>
Net cash provided by (used in) capital and related financing activities	-
	<hr/>
Cash flows from investing activities:	
Increase in investments	-
	<hr/>
Net cash provided by (used in) investing activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u>\$ -</u>
	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:	
Net operating income	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	-
Bad debts	-
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	4,198
HUD	-
Inventories	-
Other assets	-
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	-
HUD	-
Due to other funds	(4,198)
Security deposits	-
Accrued liabilities	-
Deferred credits	-
	<hr/>
Net cash provided by (used in) operating activities	<u>\$ -</u>
	<hr/>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

HOME Investment Partnerships Program

CFDA NO. 14.239

Combining Statement of Net Assets

September 30, 2006

ASSETS	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	M-05-ST- 66-0202
Cash	\$ 794,395	\$ -	\$ -	\$ -	\$ 794,395	\$ -	\$ -	\$ -
Accounts Receivable:								
HUD	174,800	-	-	31,305	85,406	8,540	49,549	-
Due from other funds	61,571	-	58,313	-	3,258	-	-	-
Prepaid and other assets	14,483	9,030	3,741	234	-	75	1,403	-
Capital assets, net	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,045,249</b>	<b>\$ 9,030</b>	<b>\$ 62,054</b>	<b>\$ 31,539</b>	<b>\$ 883,059</b>	<b>\$ 8,615</b>	<b>\$ 50,952</b>	<b>\$ -</b>
				-	-	-	-	-
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable:								
Vendors	\$ 8,150	\$ -	\$ -	\$ -	\$ 8,150	\$ -	\$ -	\$ -
Due to other funds	219,905	8,372	-	31,464	145,388	8,615	26,165	(99)
HUD	-	-	-	-	-	-	-	-
Accrued liabilities:								
Compensated absences - current	6,230	-	-	-	-	-	6,230	-
Other	18,162	495	-	-	15,487	-	2,180	-
Deferred revenues	776,425	163	62,054	75	714,034	-	-	99
Compensated absences - noncurrent	16,377	-	-	-	-	-	16,377	-
Net assets	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,045,249</b>	<b>\$ 9,030</b>	<b>\$ 62,054</b>	<b>\$ 31,539</b>	<b>\$ 883,059</b>	<b>\$ 8,615</b>	<b>\$ 50,952</b>	<b>\$ -</b>

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



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

HOME Investment Partnerships Program  
CFDA NO. 14.239

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

	<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>M-05-ST- 66-0202</u>
Revenues:								
Federal capital grants	\$ 841,235	\$ -	822	\$ -	\$ 161,283	\$ 129,799	\$ 360,453	\$ 188,878
Other	<u>1,085,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,079,567</u>	<u>5,636</u>	<u>-</u>	<u>100</u>
Total Revenues	<u>1,926,538</u>	<u>-</u>	<u>822</u>	<u>-</u>	<u>1,240,850</u>	<u>135,435</u>	<u>360,453</u>	<u>188,978</u>
Operating expenses:								
Administrative salaries	291,899	-	665	-	169,494	69,288	50,142	2,310
Employee benefits	84,292	-	157	-	44,421	22,310	16,801	603
Repair and maintenance	480,799	-	-	-	72,222	-	222,512	186,065
Depreciation	-	-	-	-	-	-	-	-
Utilities	671	-	-	-	27	-	644	-
Legal	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Other	<u>1,068,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>954,686</u>	<u>43,837</u>	<u>70,354</u>	<u>-</u>
Total operating expenses	<u>1,926,538</u>	<u>-</u>	<u>822</u>	<u>-</u>	<u>1,240,850</u>	<u>135,435</u>	<u>360,453</u>	<u>188,978</u>
Operating income	<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>
Total non-operating revenues (expenses)	<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>
Total net assets, 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**

HOME Investment Partnerships Program  
CFDA NO. 14.239

Combining Statement of Cash Flows  
Year Ended September 30, 2006

	<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>M-05-ST- 66-0202</u>
Cash flows from operating activities:								
Receipts from customers	\$ 1,926,538	\$ -	\$ 822	\$ -	\$ 1,240,850	\$ 135,435	\$ 360,453	\$ 188,978
Payments to suppliers	(755,952)	-	-	-	(232,540)	(43,837)	(293,510)	(186,065)
Payments to employees	(383,852)	-	(8,483)	-	(213,915)	(91,598)	(66,943)	(2,913)
Net cash provided by (used in) operating activities	<u>786,734</u>	<u>-</u>	<u>(7,661)</u>	<u>-</u>	<u>794,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:								
Acquisition of fixed assets	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:								
Increase in investments	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	786,734	-	(7,661)	-	794,395	-	-	-
Cash and cash equivalents at beginning year	<u>7,661</u>	<u>-</u>	<u>7,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 794,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	-	-	-	-	-	-	-	-
(Increase) decrease in assets:								
Accounts receivable - HUD	61,259	-	-	-	-	108,858	(47,599)	-
Accounts receivable - Due from other funds	(3,258)	-	-	-	(3,258)	-	-	-
Prepaid and other assets	26,496	-	-	-	-	27,899	(1,403)	-
Increase (decrease) in liabilities:								
Accounts payable - Vendors	8,150	-	-	-	8,150	-	-	-
Compensated absences	(12,953)	-	(7,661)	-	-	(27,899)	22,607	-
Accounts payable - Due to other funds	(13,545)	-	-	-	71,197	(108,858)	24,215	(99)
Accounts payable - HUD	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-
Other liabilities	<u>720,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,306</u>	<u>-</u>	<u>2,180</u>	<u>99</u>
Net cash provided by (used in) operating activities	<u>\$ 786,734</u>	<u>\$ -</u>	<u>\$ (7,661)</u>	<u>\$ -</u>	<u>\$ 794,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY SHELTER GRANTS  
CFDA NO. 14.231**

Combining Statement of Net Assets  
September 30, 2006

<u>ASSETS</u>	<u>Total</u>	<u>S-02-DC- 66-0001</u>	<u>S-03-DC- 66-0001</u>	<u>S-04-DC- 66-0001</u>	<u>S-05-DC- 66-0001</u>
Cash	\$ -	\$ -	\$ -	-	\$ -
Accounts Receivable:					
HUD	593	-	-	-	593
Due from other funds	4,278	(468)	56	4,957	(267)
Prepaid and other assets	483	468	-	-	15
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b>\$ <u>5,354</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>56</u></b>	<b>\$ <u>4,957</u></b>	<b>\$ <u>341</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable:					
Due to other funds	\$ -	\$ -	\$ -	-	\$ -
HUD	-	-	-	-	-
Accrued liabilities:					
Compensated absences - current	-	-	-	-	-
Salaries and wages	341	-	-	-	341
Deferred revenue	5,013	-	56	4,957	-
Compensated absences - noncurrent	-	-	-	-	-
Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b>\$ <u>5,354</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>56</u></b>	<b>\$ <u>4,957</u></b>	<b>\$ <u>341</u></b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY SHELTER GRANTS  
CFDA NO. 14.231**

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006**

	<u>Total</u>	<u>S-02-DC- 66-0001</u>	<u>S-03-DC- 66-0001</u>	<u>S-04-DC- 66-0001</u>	<u>S-05-DC- 66-0001</u>
Revenues:					
Federal contributions	\$ 102,862	\$ -	\$ -	\$ 20,328	\$ 82,534
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>102,862</u>	<u>-</u>	<u>-</u>	<u>20,328</u>	<u>82,534</u>
Operating expenses:					
Administrative salaries	4,562	-	-	788	3,774
Employee benefits	1,737	-	-	366	1,371
Repair and maintenance	-	-	-	-	-
Depreciation	-	-	-	-	-
Legal	-	-	-	-	-
Travel	-	-	-	-	-
Other	<u>96,563</u>	<u>-</u>	<u>-</u>	<u>19,174</u>	<u>77,389</u>
Total operating expenses	<u>102,862</u>	<u>-</u>	<u>-</u>	<u>20,328</u>	<u>82,534</u>
Operating income	<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>
Total non-operating revenues (expenses)	<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>
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>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY SHELTER GRANTS  
CFDA NO. 14.231**

**Combining Statement of Cash Flows  
Year Ended September 30, 2006**

	<u>Total</u>	<u>S-02-DC- 66-0001</u>	<u>S-03-DC- 66-0001</u>	<u>S-04-DC- 66-0001</u>	<u>S-05-DC- 66-0001</u>
Cash flows from operating activities:					
Receipts from customers	\$ 102,862	\$ -	\$ -	\$ 20,328	\$ 82,534
Payments to suppliers	(6,299)	-	-	(1,154)	(5,145)
Payments to employees	(96,563)	-	-	(19,174)	(77,389)
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Increase in investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<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>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) 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	(593)	-	-	-	(593)
Accounts receivable - Due from other funds	(4,418)	(468)	(56)	(4,161)	267
Other assets	(15)	-	-	-	(15)
Increase (decrease) in liabilities:					
Accounts payable - Due to other funds	(272)	468	56	(796)	-
Accounts payable - HUD	-	-	-	-	-
Accrued expenses	-	-	-	-	-
Accrued salaries and wages	341	-	-	-	341
Deferred revenues	4,957	-	-	4,957	-
Net cash provided by (used in) operating activities	<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**

**PUBLIC HOUSING COMPREHENSIVE GRANT PROGRAM  
CFDA NO. 14.859**

**Statement of Net Assets  
September 30, 2006**

<u>ASSETS</u>	<u>Total</u>
Current assets:	
Cash:	
Cash - General Fund	\$ -
Total cash	-
Accounts receivable:	
HUD	-
Due from other programs	-
Total accounts receivable	-
Prepaid and other current assets	-
Total current assets	-
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	-
Accumulated depreciation	-
Net capital assets	-
Other assets	-
Total noncurrent assets	-
Total Assets	\$ -
<u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Due to other funds	\$ -
Accrued liabilities	-
Other	-
Total current liabilities	-
Noncurrent liabilities:	
Other	-
Total noncurrent liabilities	-
Total liabilities	-
Net Assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	-
Total liabilities and net assets	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**PUBLIC HOUSING COMPREHENSIVE GRANT PROGRAM**  
**CFDA NO. 14.859**

Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

	<u>TOTAL</u>
Operating revenues:	
Tenant rental income	\$ -
HUD PHA Grants	-
Other income	-
Total operating revenues	<u>-</u>
Operating expenses:	
Depreciation	-
Administrative expense	-
Repairs and maintenance	-
Other	-
Tenant service	-
Employee benefits	-
Utilities	-
Bad debts	-
Total operating expenses	<u>-</u>
Operating loss	-
Non-operating revenues:	
Interest on general fund investments	-
Other income	-
Capital grants	-
Total non-operating revenues	<u>-</u>
Income (loss) before adjustments and transfers	-
Adjustments and transfers	<u>(13,966,101)</u>
Change in net assets	(13,966,101)
Total net assets, beginning of year	<u>13,966,101</u>
Total net assets, end of year	<u><u>\$ -</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**PUBLIC HOUSING COMPREHENSIVE GRANT PROGRAM  
CFDA NO. 14.859**

Statement of Cash Flows  
Year Ended September 30, 2006

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers	-
Payments to employees	-
Other cash receipts (payments)	-
	<hr/>
Net cash provided by (used in) operating activities	-
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	-
	<hr/>
Net cash provided by (used in) capital and related financing activities	-
	<hr/>
Cash flows from investing activities:	
Investment in time certificate of deposit	-
	<hr/>
Net cash provided by (used in) investing activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u>\$ -</u>
	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:	
Net operating income	\$ -
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation	-
Bad debts	-
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	-
HUD	-
Inventories	-
Other assets	-
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	-
HUD	-
Due to other funds	-
Security deposits	-
Accrued liabilities	-
Deferred credits	-
	<hr/>
Net cash provided by (used in) operating activities	<u>\$ -</u>
	<hr/>

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



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## COMPACT IMPACT GRANT CFDA NO. 15.875

Statement of Net Assets  
September 30, 2006

ASSETS	Total
Current assets:	
Cash:	
Cash - General Fund	\$ -
Total cash	-
Accounts receivable:	
HUD	-
Due from other programs	-
Total accounts receivable	-
Prepaid and other current assets	-
Total current assets	-
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	-
Accumulated depreciation	-
Net capital assets	-
Other assets	-
Total noncurrent assets	-
Total Assets	\$ -
 <b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Due to other funds	\$ -
Accrued liabilities	-
Other	-
Total current liabilities	-
Noncurrent liabilities:	
Other	-
Total noncurrent liabilities	-
Total liabilities	-
Net Assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	-
Total liabilities and net assets	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**COMPACT IMPACT GRANT**

**CFDA NO. 15.875**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Year Ended September 30, 2006**

	<u>TOTAL</u>
Operating revenues:	
Federal grants	\$ 29,130
Other income	-
Total operating revenues	<u>29,130</u>
Operating expenses:	
Administrative expense	29,130
Repairs and maintenance	-
Employee benefits	-
Total operating expenses	<u>29,130</u>
Operating income	<u>-</u>
Non-operating revenues:	
Interest on general fund investments	-
Total non-operating revenues	<u>-</u>
Change in net assets	-
Total net assets, beginning of year	<u>-</u>
Total net assets, end of year	<u><u>\$ -</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**COMPACT IMPACT GRANT**

CFDA NO. 15.875

Statement of Cash Flows

Year Ended September 30, 2006

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ 29,130
Payments to suppliers	(29,130)
Payments to employees	-
Other cash receipts (payments)	-
	<hr/>
Net cash provided by operating activities	-
	<hr/>
Cash flows from capital and related financing activities:	
Transfers to fund balance	-
	<hr/>
Net cash provided by investing activities	-
	<hr/>
Cash flows from investing activities:	
Acquisition of fixed assets	-
Investment in time certificate of deposit	-
	<hr/>
Net cash used for investing activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u>\$ -</u>
	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:	
Net operating income	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	-
Bad debts	-
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	-
HUD	-
Inventories	-
Other assets	-
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	-
HUD	-
Due to other funds	-
Security deposits	-
Accrued liabilities	-
Deferred credits	-
	<hr/>
Net cash provided (used) by operating activities	<u>\$ -</u>
	<hr/>

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

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## EMERGENCY MEDICAL CAPACITY GRANT PROGRAM

CFDA NO. 93.224

### Statement of Net Assets

September 30, 2006

ASSETS	Total
Current assets:	
Cash:	
Cash - General Fund	\$ -
Total cash	-
Accounts receivable:	
Due from other programs	-
Others	-
Total accounts receivable	-
Prepaid and other current assets	-
Total current assets	-
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	-
Accumulated depreciation	-
Net capital assets	-
Other assets	-
Total noncurrent assets	-
Total Assets	\$ -
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable:	
Due to other funds	\$ -
Accrued liabilities	-
Total current liabilities	-
Noncurrent liabilities:	
Other	-
Compensated absences, net of current portion	-
Total noncurrent liabilities	-
Total liabilities	-
Net Assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	-
Total liabilities and net assets	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY MEDICAL CAPACITY GRANT PROGRAM**  
**CFDA NO. 93.224**

**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended September 30, 2006**

	<u>TOTAL</u>
Operating revenues:	
Tenant rental income	\$ -
Federal Grants	61,834
Other income	-
Total operating revenues	<u>61,834</u>
Operating expenses:	
Depreciation	-
Administrative expense	61,834
Repairs and maintenance	-
Other	-
Tenant service	-
Employee benefits	-
Utilities	-
Bad debts	-
Total operating expenses	<u>61,834</u>
Operating loss	-
Non-operating revenues:	
Interest on general fund investments	-
Other income	-
Capital grants	-
Total non-operating revenues	<u>-</u>
Income (loss) before adjustments and transfers	-
Adjustments and transfers	<u>-</u>
Change in net assets	-
Total net assets, beginning of year	<u>-</u>
Total net assets, end of year	<u><u>\$ -</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY MEDICAL CAPACITY GRANT PROGRAM  
CFDA NO. 93.224**

Statement of Cash Flows  
Year Ended September 30, 2006

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ 61,834
Payments to suppliers	(61,834)
Payments to employees	-
Other cash receipts (payments)	-
	<hr/>
Net cash provided by operating activities	-
	<hr/>
Cash flows from capital and related financing activities:	
Transfers to fund balance	-
	<hr/>
Net cash provided by investing activities	-
	<hr/>
Cash flows from investing activities:	
Acquisition of fixed assets	-
Investment in time certificate of deposit	-
	<hr/>
Net cash used for investing activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
	<hr/>
Cash and cash equivalents at end of year	<u>\$ -</u>
	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:	
Net operating income	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	-
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	-
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	-
Due to other funds	-
Accrued liabilities	-
Deferred credits	-
	<hr/>
Net cash provided (used) by operating activities	<u>\$ -</u>
	<hr/>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds  
Combining Statement of Net Assets  
September 30, 2006

ASSETS	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Current assets:					
Cash					
Unrestricted	\$ 660,053	\$ 440,430	\$ 219,623	\$ -	\$ -
Restricted	98,676	-	98,676	-	-
Total cash	<u>758,729</u>	<u>440,430</u>	<u>318,299</u>	<u>-</u>	<u>-</u>
Accounts receivable:					
Due from other funds	6,041,403	796,376	4,691,119	7,062	546,846
Promissory notes	55,994	55,994	-	-	-
Other	33,963	140	26,784	-	7,039
Total accounts receivable	<u>6,131,360</u>	<u>852,510</u>	<u>4,717,903</u>	<u>7,062</u>	<u>553,885</u>
Investments	1,232,992	591,477	-	64,789	576,726
Prepaid and other assets	199	25	174	-	-
Other real estate	<u>4,193,013</u>	<u>4,193,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>12,316,293</u>	<u>6,077,455</u>	<u>5,036,376</u>	<u>71,851</u>	<u>1,130,611</u>
Noncurrent assets:					
Capital assets, net	386,794	3,143	52,828	-	330,823
Other assets	7,200	7,200	-	-	-
Promissory notes - noncurrent	<u>1,026,522</u>	<u>1,026,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>1,420,516</u>	<u>1,036,865</u>	<u>52,828</u>	<u>-</u>	<u>330,823</u>
Total Assets	<u>\$ 13,736,809</u>	<u>\$ 7,114,320</u>	<u>\$ 5,089,204</u>	<u>\$ 71,851</u>	<u>\$ 1,461,434</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable:					
Due to other funds	\$ 3,100,470	\$ (23,683)	\$ 1,832,531	\$ -	\$ 1,291,622
Vendors and contractors	1,016	-	1,016	-	-
Other	1,019,547	-	1,019,547	-	-
Accrued liabilities	155,890	25,942	97,160	-	32,788
Deferred credits	<u>1,177,310</u>	<u>1,177,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,454,233</u>	<u>1,179,569</u>	<u>2,950,254</u>	<u>-</u>	<u>1,324,410</u>
Net Assets:					
Invested capital assets, net of related debt	4,579,807	4,196,156	52,828	-	330,823
Restricted	25,000	-	25,000	-	-
Unrestricted	<u>3,677,769</u>	<u>1,738,595</u>	<u>2,061,122</u>	<u>71,851</u>	<u>(193,799)</u>
Total Net Assets	<u>8,282,576</u>	<u>5,934,751</u>	<u>2,138,950</u>	<u>71,851</u>	<u>137,024</u>
Total Liabilities and Net Assets	<u>\$ 13,736,809</u>	<u>\$ 7,114,320</u>	<u>\$ 5,089,204</u>	<u>\$ 71,851</u>	<u>\$ 1,461,434</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

	<u>TOTAL</u>	<u>Local Funds</u>	<u>Revolving Funds</u>	<u>Trust Funds</u>	<u>Other Funds</u>
Operating revenues:					
Property Sales	\$ 184,323	\$ 160,000	\$ -	\$ -	\$ 24,323
Other	<u>13,122</u>	<u>11,472</u>	<u>1,650</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>197,445</u>	<u>171,472</u>	<u>1,650</u>	<u>-</u>	<u>24,323</u>
Operating expenses:					
Administrative salaries	109,479	27,760	7,683	-	74,036
Employee benefits	15,104	6,796	2,908	-	5,400
Depreciation	28,663	-	7,487	-	21,176
Other	<u>739,277</u>	<u>694,581</u>	<u>19,450</u>	<u>-</u>	<u>25,246</u>
Total operating expenses	<u>892,523</u>	<u>729,137</u>	<u>37,528</u>	<u>-</u>	<u>125,858</u>
Operating expenses	<u>(695,078)</u>	<u>(557,665)</u>	<u>(35,878)</u>	<u>-</u>	<u>(101,535)</u>
Non-operating revenues:					
Other income	760,418	760,418	-	-	-
Investment income	<u>46,748</u>	<u>23,272</u>	<u>375</u>	<u>2,333</u>	<u>20,768</u>
Total non-operating revenues	<u>807,166</u>	<u>783,690</u>	<u>375</u>	<u>2,333</u>	<u>20,768</u>
Income (loss) before adjustments and transfers	112,088	226,025	(35,503)	2,333	(80,767)
Adjustments and transfers	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Change in net assets	112,088	226,026	(35,504)	2,333	(80,767)
Total net assets at beginning 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>
Total net assets at end of year	<u>\$ 8,282,576</u>	<u>\$ 5,934,751</u>	<u>\$ 2,138,950</u>	<u>\$ 71,851</u>	<u>\$ 137,024</u>

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



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds  
Combining Statement of Cash Flows  
Year Ended September 30, 2006

	<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	\$ 200,239	\$ 171,933	\$ 1,650	\$ 2,333	\$ 24,323
Payments to suppliers	(195,971)	(151,275)	(19,450)	-	(25,246)
Payments to employees	(124,583)	(34,556)	(10,591)	-	(79,436)
Other cash receipts (payments)	120,907	20,995	(9,589)	-	109,501
Net cash provided by (used in) operating activities	<u>592</u>	<u>7,097</u>	<u>(37,980)</u>	<u>2,333</u>	<u>29,142</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	(8,373)	-	-	-	(8,373)
Net cash used in capital and related financing activities	<u>(8,373)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,373)</u>
Cash flows from investing activities:					
Increase in investments	(32,408)	(9,306)	-	(2,333)	(20,769)
Net cash used in investing activities	<u>(32,408)</u>	<u>(9,306)</u>	<u>-</u>	<u>(2,333)</u>	<u>(20,769)</u>
Net increase in cash and cash equivalents	(40,189)	(2,209)	(37,980)	-	-
Cash and cash equivalents at beginning of year	798,918	442,639	356,279	-	-
Cash and cash equivalents at end of year	<u>\$ 758,729</u>	<u>\$ 440,430</u>	<u>\$ 318,299</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Net income (loss)	\$ 112,088	\$ 226,025	\$ (35,503)	\$ 2,333	\$ (80,767)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation	28,663	-	7,487	-	21,176
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	(180,894)	(120,768)	(60,126)	-	-
Promissory notes	(415,655)	(415,655)	-	-	-
Others	(18,734)	(7,200)	(11,534)	-	-
Other assets	692,771	692,771	-	-	-
Increase (decrease) in liabilities:					
Due to other funds	125,353	(73,274)	111,703	-	86,924
Vendors and contactors	(25,597)	(25,597)	-	-	-
Vouchers	(84,860)	-	(84,860)	-	-
Accrued liabilities	26,172	25,942	-	-	230
Deferred revenues	465,271	465,271	-	-	-
Other	(723,986)	(760,418)	34,853	-	1,579
Net cash provided by operating activities	<u>\$ 592</u>	<u>\$ 7,097</u>	<u>\$ (37,980)</u>	<u>\$ 2,333</u>	<u>\$ 29,142</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

LOCAL FUNDS  
Combining Statement of Net Assets  
September 30, 2006

ASSETS	TOTAL	Sinajana Non-Title 1	Gov Guam Astumbo	Nauru Project	GovGuam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
Current assets:								
Cash	\$ 440,430	\$ -	\$ -	\$ -	\$ -	\$ 422,585	\$ 16,680	\$ 1,165
Accounts receivable:								
Due from other funds	796,376	1,666	746,148	4,835	43,727	-	-	-
Promissory notes, current portion	55,994	-	-	-	-	-	55,994	-
Other	140	-	-	-	-	140	-	-
Total accounts receivable	852,510	1,666	746,148	4,835	43,727	140	55,994	-
Investments	591,477	-	-	-	-	591,477	-	-
Prepaid and other assets	25	-	-	-	-	-	-	25
Land held for sale	4,193,013	-	-	-	-	4,193,013	-	-
Total current assets	6,077,455	1,666	746,148	4,835	43,727	5,207,215	72,674	1,190
Noncurrent assets:								
Capital assets	3,159	-	1,774	-	-	1,385	-	-
Accumulated depreciation	(16)	-	(16)	-	-	-	-	-
Capital assets, net	3,143	-	1,758	-	-	1,385	-	-
Promissory notes, noncurrent	1,026,522	-	-	-	-	-	962,721	63,801
Other assets	7,200	-	-	-	-	-	7,200	-
Total non-current assets	1,036,865	-	1,758	-	-	1,385	969,921	63,801
Total Assets	\$ 7,114,320	\$ 1,666	\$ 747,906	\$ 4,835	\$ 43,727	\$ 5,208,600	\$ 1,042,595	\$ 64,991
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities:								
Accounts payable:								
Due to other funds	\$ (23,683)	\$ -	\$ 2,302	\$ -	\$ -	\$ 46,647	\$ (65,529)	\$ (7,103)
Vendors and contractors	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Accrued liabilities	25,942	-	-	-	-	25,942	-	-
Deferred revenue	1,177,310	-	-	-	-	-	1,105,443	71,867
Total Liabilities	1,179,569	-	2,302	-	-	72,589	1,039,914	64,764
Net Assets:								
Invested capital assets, net of related debt	4,196,156	-	1,758	-	-	4,194,398	-	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	1,738,595	1,666	743,846	4,835	43,727	941,613	2,681	227
Total Net Assets	5,934,751	1,666	745,604	4,835	43,727	5,136,011	2,681	227
Total Liabilities and Net Assets	\$ 7,114,320	\$ 1,666	\$ 747,906	\$ 4,835	\$ 43,727	\$ 5,208,600	\$ 1,042,595	\$ 64,991

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**LOCAL FUNDS**

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2006

	<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>
Operating revenues:								
Property Sales	\$ 160,000	\$ -	\$ 145,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -
Other	<u>11,472</u>	<u>-</u>	<u>(461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,568</u>	<u>365</u>
Total operating revenues	<u>171,472</u>	<u>-</u>	<u>144,539</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>11,568</u>	<u>365</u>
Operating expenses:								
Administrative salaries	27,760	-	725	-	-	4,969	22,066	-
Employee benefits	6,796	-	200	-	-	1,373	5,223	-
Other	<u>694,581</u>	<u>-</u>	<u>485,590</u>	<u>-</u>	<u>-</u>	<u>207,918</u>	<u>1,037</u>	<u>36</u>
Total operating expenses	<u>729,137</u>	<u>-</u>	<u>486,515</u>	<u>-</u>	<u>-</u>	<u>214,260</u>	<u>28,326</u>	<u>36</u>
Operating income (loss)	<u>(557,665)</u>	<u>-</u>	<u>(341,976)</u>	<u>-</u>	<u>-</u>	<u>(199,260)</u>	<u>(16,758)</u>	<u>329</u>
Non-operating revenues (expenses):								
Other income	760,418	-	-	-	-	760,418	-	-
Investment income	<u>23,272</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>22,336</u>	<u>-</u>	<u>-</u>
Total non-operating income (expenses)	<u>783,690</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>782,754</u>	<u>-</u>	<u>-</u>
Income (loss) before adjustments and transfers	226,025	-	(341,040)	-	-	583,494	(16,758)	329
Adjustments and transfers	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Change in net assets	226,026	-	(341,040)	-	-	583,494	(16,757)	329
Total net assets at beginning of year	<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 net assets at end of year	<u>\$ 5,934,751</u>	<u>\$ 1,666</u>	<u>\$ 745,604</u>	<u>\$ 4,835</u>	<u>\$ 43,727</u>	<u>\$ 5,136,011</u>	<u>\$ 2,681</u>	<u>\$ 227</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

LOCAL FUNDS

Combining Statement of Cash Flows

Year Ended September 30, 2006

	<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	\$ 171,933	\$ -	\$ 145,000	\$ -	\$ -	\$ 15,000	\$ 11,568	\$ 365
Payments to suppliers	(151,275)	-	(144,550)	-	-	(5,652)	(1,037)	(36)
Payments to employees	(34,556)	-	(925)	-	-	(6,342)	(27,289)	-
Other cash receipts (payments)	20,995	-	475	-	-	22,336	1,451	(3,267)
Net cash provided by (used in) operating activities	7,097	-	-	-	-	25,342	(15,307)	(2,938)
Cash flows from investing activities:								
Increase in investments	(9,306)	-	-	-	-	(9,306)	-	-
Net cash used in investing activities	(9,306)	-	-	-	-	(9,306)	-	-
Net increase (decrease) in cash and cash equivalents	(2,209)	-	-	-	-	16,036	(15,307)	(2,938)
Cash and cash equivalents at beginning of year	442,639	-	-	-	-	406,549	31,987	4,103
Cash and cash equivalents at end of year	<u>\$ 440,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,585</u>	<u>\$ 16,680</u>	<u>\$ 1,165</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Net income (loss)	\$ 226,025	\$ -	\$ (341,040)	\$ -	\$ -	\$ 583,494	\$ (16,758)	\$ 329
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:								
(Increase) decrease in assets:								
Accounts receivable:								
Due from other funds	(120,768)	-	(144,999)	-	-	-	24,231	
Promissory notes	(415,655)	-	-	-	-	-	(419,581)	3,926
Other	(7,200)	-	-	-	-	-	(7,200)	-
Land held for sale	692,771	-	484,853	-	-	207,918	-	-
Increase (decrease) in liabilities:								
Accounts payable:								
Due to other funds	(73,274)	-	1,186	-	-	(5,997)	(60,954)	(7,509)
Vendors and contractors	(25,597)	-	-	-	-	(25,597)	-	-
Accrued liabilities	25,942	-	-	-	-	25,942	-	-
Deferred revenue	465,271	-	-	-	-	-	464,955	316
Other	(760,418)	-	-	-	-	(760,418)	-	-
Net cash provided by (used in) operating activities	<u>\$ 7,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,342</u>	<u>\$ (15,307)</u>	<u>\$ (2,938)</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
Other Enterprise Funds

**REVOLVING FUNDS**  
Combining Statement of Net Assets  
September 30, 2006

ASSETS	Total	Local Revolving Fund	Revolving Fund
Current Assets:			
Cash:			
Unrestricted	\$ 219,623	\$ 147,082	\$ 72,541
Restricted	98,676	-	98,676
Total cash	<u>318,299</u>	<u>147,082</u>	<u>171,217</u>
Accounts Receivable:			
Due from other funds	4,691,119	530	4,690,589
Other	26,784	307	26,477
Total accounts receivable	<u>4,717,903</u>	<u>837</u>	<u>4,717,066</u>
Investments	-	-	-
Prepaid and other assets	174	174	
Total current assets	<u>5,036,376</u>	<u>148,093</u>	<u>4,888,283</u>
Noncurrent Assets:			
Capital assets, net	<u>52,828</u>	<u>52,828</u>	-
Total non-current assets	<u>52,828</u>	<u>52,828</u>	-
Total Assets	<u>\$ 5,089,204</u>	<u>\$ 200,921</u>	<u>\$ 4,888,283</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable:			
Due to other funds	\$ 1,832,531	\$ 240,560	\$ 1,591,971
Vouchers	1,016	-	1,016
Other	1,019,547	-	1,019,547
Other accrued liabilities	97,160	-	97,160
Total Liabilities	<u>2,950,254</u>	<u>240,560</u>	<u>2,709,694</u>
Net Assets:			
Invested in capital assets, net of related debt	52,828	52,828	-
Restricted	25,000	-	25,000
Unrestricted	2,061,122	(92,467)	2,153,589
Total Net Assets	<u>2,138,950</u>	<u>(39,639)</u>	<u>2,178,589</u>
Total Liabilities and Net Assets	<u>\$ 5,089,204</u>	<u>\$ 200,921</u>	<u>\$ 4,888,283</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
**Other Enterprise Funds**

REVOLVING FUNDS

Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended September 30, 2006

	Total	Local Revolving Fund	Revolving Fund
Operating revenues:			
Other Government Grants	\$ -	\$ -	\$ -
Other	1,650	-	1,650
	<u>1,650</u>	<u>-</u>	<u>1,650</u>
Total operating revenues	<u>1,650</u>	<u>-</u>	<u>1,650</u>
Operating Expenses:			
Administrative	7,683	7,683	-
Employee benefits	2,908	2,908	-
Depreciation	7,487	7,487	-
Other	19,450	19,450	-
	<u>37,528</u>	<u>37,528</u>	<u>-</u>
Total operating expenses	<u>37,528</u>	<u>37,528</u>	<u>-</u>
Operating income (loss)	<u>(35,878)</u>	<u>(37,528)</u>	<u>1,650</u>
Non-operating revenues:			
Investment income	375	375	-
	<u>375</u>	<u>375</u>	<u>-</u>
Total non-operating revenues	<u>375</u>	<u>375</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(35,503)	(37,153)	1,650
Adjustments and transfers	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Change in net assets	(35,504)	(37,154)	1,650
Total net assets at beginning of year	<u>2,174,454</u>	<u>(2,485)</u>	<u>2,176,939</u>
Total net assets at end of year	<u>\$ 2,138,950</u>	<u>\$ (39,639)</u>	<u>\$ 2,178,589</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**REVOLVING FUNDS**

Combining Statement of Cash Flows

Year Ended September 30, 2006

	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,650	\$ -	\$ 1,650
Payments to suppliers	(19,450)	(19,450)	-
Payments to employees	(10,591)	(10,591)	-
Other cash receipts (payments)	<u>(9,589)</u>	<u>21,752</u>	<u>(31,341)</u>
Net cash used in operating activities	<u>(37,980)</u>	<u>(8,289)</u>	<u>(29,691)</u>
Cash flows from investing activities:			
Increase in investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(37,980)	(8,289)	(29,691)
Cash and cash equivalents at beginning of year	<u>356,279</u>	<u>155,371</u>	<u>200,908</u>
Cash and cash equivalents at end of year	<u><u>\$ 318,299</u></u>	<u><u>\$ 147,082</u></u>	<u><u>\$ 171,217</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Net income (loss)	\$ (35,503)	\$ (37,153)	\$ 1,650
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	7,487	7,487	-
(Increase) decrease in assets:			
Accounts receivable:			
Due from other funds	(60,126)	(530)	(59,596)
Other	(11,534)	(1)	(11,533)
Increase (decrease) in liabilities:			
Accounts payable:			
Due to other funds	111,703	21,908	89,795
Vouchers	(84,860)	-	(84,860)
Compensated absences	-	-	-
Other	<u>34,853</u>	<u>-</u>	<u>34,853</u>
Net cash used in operating activities	<u><u>\$ (37,980)</u></u>	<u><u>\$ (8,289)</u></u>	<u><u>\$ (29,691)</u></u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**TRUST FUNDS**

Combining Statement of Net Assets

September 30, 2006

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	64,789	-	64,789	-
 Total assets	 \$ 71,851	 \$ 900	 \$ 67,986	 \$ 2,965
 <b>Liabilities and Net Assets</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
 Total liabilities	 -	 -	 -	 -
Net Assets:				
Invested capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	71,851	900	67,986	2,965
 Total net assets	 71,851	 900	 67,986	 2,965
 Total liabilities and net assets	 \$ 71,851	 \$ 900	 \$ 67,986	 \$ 2,965

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



GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
Other Enterprise Funds

TRUST FUNDS  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2006

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Revenues:				
Property sales	\$ -	\$ -	\$ -	\$ -
Investment income	2,333	-	2,333	-
Other	-	-	-	-
Total revenues	2,333	-	2,333	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Change in net assets	2,333	-	2,333	-
Net assets at beginning of year	69,518	900	65,653	2,965
Net assets at end of year	<u>\$ 71,851</u>	<u>\$ 900</u>	<u>\$ 67,986</u>	<u>\$ 2,965</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
Other Enterprise Funds

**TRUST FUNDS**  
Combining Statement of Cash Flows  
Year Ended September 30, 2006

	Total	Yona Rehab. Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Cash flows from operating activities:				
Receipts from customers	\$ 2,333	\$ -	\$ 2,333	\$ -
Net cash provided by operating activities	2,333	-	2,333	-
Cash flows from investing activities:				
Increase in investments	(2,333)	-	(2,333)	-
Net cash used in investing activities	(2,333)	-	(2,333)	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:				
Net income	\$ 2,333	\$ -	\$ 2,333	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:	-	-	-	-
(Increase) decrease in assets:	-	-	-	-
Increase (decrease) in liabilities:	-	-	-	-
Net cash provided by operating activities	\$ 2,333	\$ -	\$ 2,333	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

OTHER FUNDS  
Combining Statement of Net Assets  
September 30, 2006

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>576,726</u>	<u>576,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,130,611</u>	<u>577,087</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>330,823</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>192,126</u>	<u>99,882</u>	<u>-</u>
Total non-current assets	<u>330,823</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>192,126</u>	<u>99,882</u>	<u>-</u>
Total Assets	<u>\$ 1,461,434</u>	<u>\$ 577,087</u>	<u>\$ 44,214</u>	<u>\$ 3,440</u>	<u>\$ 631,406</u>	<u>\$ 205,287</u>	<u>\$ -</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities:							
Accounts payable:							
Due to other funds	\$ 1,291,622	\$ 29,755	\$ 11,401	\$ 95	\$ 1,026,646	\$ 95,478	\$ 128,247
Accrued liabilities	<u>32,788</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>1,579</u>	<u>116</u>	<u>30,863</u>
Total Liabilities	<u>1,324,410</u>	<u>29,755</u>	<u>11,631</u>	<u>95</u>	<u>1,028,225</u>	<u>95,594</u>	<u>159,110</u>
Net Assets:							
Invested capital assets, net of related debt	330,823	-	38,815	-	192,126	99,882	-
Unrestricted	<u>(193,799)</u>	<u>547,332</u>	<u>(6,232)</u>	<u>3,345</u>	<u>(588,945)</u>	<u>9,811</u>	<u>(159,110)</u>
Total Net Assets	<u>137,024</u>	<u>547,332</u>	<u>32,583</u>	<u>3,345</u>	<u>(396,819)</u>	<u>109,693</u>	<u>(159,110)</u>
Total Liabilities and Net Assets	<u>\$ 1,461,434</u>	<u>\$ 577,087</u>	<u>\$ 44,214</u>	<u>\$ 3,440</u>	<u>\$ 631,406</u>	<u>\$ 205,287</u>	<u>\$ -</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**OTHER FUNDS**

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2006

	<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	\$ 24,323	\$ -	\$ 759	\$ -	\$ -	\$ 23,564	\$ -
Other	-	-	-	-	-	-	-
Total operating revenues	<u>24,323</u>	<u>-</u>	<u>759</u>	<u>-</u>	<u>-</u>	<u>23,564</u>	<u>-</u>
Operating expenses:							
Administrative salaries	74,036	527	2,861	-	70,648	-	-
Employee benefits	5,400	145	791	-	4,464	-	-
Depreciation	21,176	-	-	-	21,176	-	-
Other	25,246	-	9,497	-	14,524	1,225	-
Total operating expenses	<u>125,858</u>	<u>672</u>	<u>13,149</u>	<u>-</u>	<u>110,812</u>	<u>1,225</u>	<u>-</u>
Operating income (loss)	<u>(101,535)</u>	<u>(672)</u>	<u>(12,390)</u>	<u>-</u>	<u>(110,812)</u>	<u>22,339</u>	<u>-</u>
Non-operating revenues:							
Investment income	<u>20,768</u>	<u>20,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues	<u>20,768</u>	<u>20,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(80,767)</u>	<u>20,096</u>	<u>(12,390)</u>	<u>-</u>	<u>(110,812)</u>	<u>22,339</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>(80,767)</u>	<u>20,096</u>	<u>(12,390)</u>	<u>-</u>	<u>(110,812)</u>	<u>22,339</u>	<u>-</u>
Total net assets at beginning 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>
Total net assets at end of year	<u>\$ 137,024</u>	<u>\$ 547,332</u>	<u>\$ 32,583</u>	<u>\$ 3,345</u>	<u>\$ (396,819)</u>	<u>\$ 109,693</u>	<u>\$ (159,110)</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**OTHER FUNDS**

Combining Statement of Cash Flows

Year Ended September 30, 2006

	<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	\$ 24,323	\$ -	\$ 759	\$ -	\$ -	\$ 23,564	\$ -
Payments to suppliers	(25,246)	-	(9,497)	-	(14,524)	(1,225)	-
Payments to employees	(79,436)	(672)	(3,652)	-	(75,112)	-	-
Other cash receipts (payments)	109,501	21,441	11,631	-	98,768	(22,339)	-
Net cash provided by (used in) operating activities	29,142	20,769	(759)	-	9,132	-	-
Cash flows from capital and related financing activities:							
Acquisition of fixed assets	(8,373)	-	759	-	(9,132)	-	-
Net cash provided by (used in) capital and related financing activities	(8,373)	-	759	-	(9,132)	-	-
Cash flows from investing activities:							
Increase in investments	(20,769)	(20,769)	-	-	-	-	-
Net cash used in investing activities	(20,769)	(20,769)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Net income (loss)	\$ (80,767)	\$ 20,096	\$ (12,390)	\$ -	\$ (110,812)	\$ 22,339	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation	21,176	-	-	-	21,176	-	-
(Increase) decrease in assets:							
Due from other funds	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable:							
Due to other funds	86,924	673	11,401	-	97,189	(22,339)	-
Accrued liabilities	230	-	230	-	-	-	-
Others	1,579	-	-	-	1,579	-	-
Net cash provided by (used in) operating activities	\$ 29,142	\$ 20,769	\$ (759)	\$ -	\$ 9,132	\$ -	\$ -

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

**GUAM HOUSING AND  
URBAN RENEWAL AUTHORITY**

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**SINGLE AUDIT AND HUD REPORTS**

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**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

GUAM

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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, 2006 and have issued my report thereon dated May 29, 2007. 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 06-01 through 06-17.

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 item 06-16 to be material weakness.

### 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 129 through 168) as items 06-01 to 06-17. 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 Magkari & Company*

Hagåtña, Guam  
May 29, 2007



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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, 2006. GHURA's major federal programs are identified in the summary of auditor's results section on page 129 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 06-01 through 06-17 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with requirements regarding eligibility/special tests, provisions and special reporting that are applicable to its major programs described in the Federal Awards Findings and Questioned Cost Section of the accompanying Schedule of Findings and Questioned Costs (page 130). 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, 2006. 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 06-01 through 06-15.

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 06-03, 06-04, 06-06, 06-07, 06-10 through 06-12, and 06-14 and 06-15 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, 2006, and have issued my report thereon dated May 29, 2007. 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 126 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

May 29, 2007

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2006

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2006 Fiscal Year Expenditures</u>
<b><u>U. S. Department of Housing and Urban Development (HUD)</u></b>		
14.157	Supportive Housing for the Elderly	\$ 398,904
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,093,614
14.231	Emergency Shelter Grant	102,863
14.235	Supportive Housing Program	640,281
14.238	Shelter Plus Care Program	147,379
14.239	HOME Investment Partnership	841,235
14.850a	Low Rent Public Housing	3,060,983
14.871	Section 8 Housing Choice Voucher Program	30,074,252
14.872	Public Housing Capital Fund Program	<u>1,130,458</u>
	Total HUD Grants	<u>38,489,969</u>
<b><u>U. S. Department of Health and Human Services</u></b>		
93.224	Passed through the Government of Guam: Expanded Medical Capacity Grant	61,834
<b><u>U. S. Department of the Interior</u></b>		
15.875	Passed through the Government of Guam: Economic, Social and Political Development of the Territories – Compact Impact	<u>29,130</u>
	Total Expenditures of Federal Awards	<u>\$ 38,580,933</u>
	Percentage of Federal Awards Tested	<u>91%</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.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Expenditures of Federal Awards For Year Ended September 30, 2006

#### **Note 2. Subrecipients**

The Guam Housing and Urban Renewal Authority administer 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>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.225	\$ 1,335,985
HOME Investment Partnership	14.239	753,982
Supportive Housing	14.239	562,202
Emergency Shelter Grant	14.231	108,185
Shelter Plus Care	14.228	<u>136,248</u>
Total		<u>\$ 2,896,602</u>

GUAM

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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, 2006 and have issued my report thereon dated May 29, 2007.

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, 2006.

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  
May 29, 2007

**GUAM HOUSING AND  
URBAN RENEWAL AUTHORITY**

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

### 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 three major programs included an unqualified opinion for the Community Development Block Grants and expresses a qualified opinion on the Section 8 Housing Choice Voucher Program 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, 2006

### 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
14.850	Low Income Housing Assistance Program
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between type A and type B programs: \$1,157,428

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 06-16 through 06-17.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
06-16	Fiscal Division – Account Reconciliations	\$ -
06-17	Management Information Systems & ACH Transactions	-
	Total Questioned Costs	<u>\$ -</u>

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

### 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 06-01 through 06-15.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
06-01	Low Income Public Housing – Upfront Income Verification	\$ -
06-02	Low Income Public Housing – Utility Allowance Schedule	-
06-03	Low Income Public Housing – Missing/Incomplete Documentation	-
06-04	Low Income Public Housing – Family Report versus Third-Party Verification	-
06-05	Low Income Public Housing – Annual Recertification	-
06-06	Low Income Public Housing – Annual Inspections	-
06-07	Low Income Public Housing – Risk Management	-
06-08	Section 8 Vouchers – Payment Standard	-
06-09	Section 8 Vouchers – Utility Allowance Schedule	-
06-10	Section 8 Vouchers – Eligibility & Reasonable Rent	-
06-11	Section 8 Vouchers – Reasonable Rent	-
06-12	Section 8 Vouchers – Portability	-
06-13	Section 8 Vouchers – Drug Abuse and Criminal Activity	-
06-14	Section 8 Vouchers – Waiting List	-
06-15	Section 8 Vouchers – HQS Inspections	-
Total Questioned Costs		<u>\$ -</u>

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-01**

**Program: Low Income Public Housing – Upfront Income Verification (UIV)**

**CFDA No. 14.871**

#### Criteria:

HUD strongly encourages PHA's to use HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income and inform tenants of its capability and intent to compare tenant reported information with UIV data. The UIV is the verification of income, before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a large number of individuals. This tool allows the PHA to view employment information, wages, unemployment benefits and social security benefit information at any point in time. It also compares PHA verified/tenant reported wages, unemployment compensation and social security benefit information reported on HUD form 50058 with the UIV reported amounts for the same income sources to identify families that have substantially underreported their household income. PHA's should put forth a conscience effort to ensure that they use available resources, including the UIV techniques to obtain verification of tenant reported (unreported or underreported) income. All PHA's are required to use HUD's Tenant Assessment Subsystem (TASS) or the UIV to verify social security and supplemental security income of current participants and household members.

#### Condition:

For six (6) or 24% of the twenty-five (25) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System or the TASS to validate tenant reported income. While we noted that the EIV form was placed in the tenant's file, there was no documentation on-file to substantiate that the process of verification not performed for the either the EIV or TASS.

#### Cause:

It appears that the Authority has fully implemented internal control procedures to utilize the EIV system as part of reexamination process. Based on inquiry with the Senior TRA, there is only one computer in the Public Housing Division that has access to the EIV system and many TRA's are site based and unable to go to the Authority's central office to perform the verification and that documentation may not have been properly filed.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-01, continued**

**Program: Low Income Public Housing – Upfront Income Verification**

**CFDA No. 14.871**

**Effect:**

The potential exist for families to underreport their household income on HUD form 50058 and go undetected.

**Recommendation:**

The Authority should adhere to its procedures to utilize HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income and inform tenants of its capability and intent to compare tenant reported information with UIV data during the certification process. Efforts should be made to make access to the EIV system readily available to all TRA conducting examinations to increase the accuracy and efficiency in determining family eligibility and computing income and rent calculations.

**Auditee Response/Corrective Action Plan:**

We agree with this finding. The EIV system is available to all PHAs nationwide. Although it is not a requirement, HUD strongly encourages PHAs to use and implement the EIV system in their day-to-day operations. All Housing Specialists have been given their EIV User ID. However, the current Site Base Offices do not have Internet access and Housing Specialists obtain their EIV reports at the main officer. The Housing Specialist Supervisor will continue to monitor and ensure that the EIV printouts are filed and the information on the EIV is verified and properly documented, as required through the Quality Control review.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-02**

**Program: Low Income Public Housing - Utility Allowance Schedule**

**CFDA No. 14.871**

### Criteria:

Pursuant to 24 CFR 965.507, the Authority shall review at least annually, the basis on which utility allowances have been established and, if reasonably required in order to continue adherence to the standards stated in 24 CFR 965.505, shall establish revised allowances. The review shall include all changes in circumstances (including completion of modernization and/or other energy conservation measures implemented by the PHA) indicating probability of a significant change in reasonable consumption requirements and changes in utility rates.

The PHA may revise its allowances for resident-purchased utilities between annual reviews if there is a rate change (including fuel adjustments) and shall be required to do so if such change, by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rates on which such allowances were based. Adjustments to resident payments as a result of such changes shall be retroactive to the first day of the month following the month in which the last rate change taken into account in such revision became effective.

### Condition:

Based on review of the Authority's Admission & Continued Occupancy Policies and Utility Allowance Schedule, it has not been updated since 2004.

### 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 potential exist for tenant rents and utility reimbursements to be misstated as a result of not have an updated utility allowance schedule.

### 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, 2006

**Finding No. 06-02, continued**

**Program: Low Income Public Housing - Utility Allowance Schedule**

**CFDA No. 14.871**

Recommendation:

The utility allowance schedule should be 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. The Utility Allowance has been updated and approved by the GHURA Board of Commissioners on November 9, 2006.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-03**

**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 (5) or 20% of the twenty-five (25) tenant files tested, 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 #44ADAM	- Fraud Affidavit	- birth certificate for dependent - Fraud Affidavit - Community Service Compliance Certification or Exemption
2. Unit #22JCR		- birth certificate for dependent - Community Service Compliance Certification or Exemption
3. Unit #29BDAM	- Dwelling Lease Agreement	- Community Service Compliance Certification or Exemption
4. Unit #3BATIS		- Community Service Compliance Certification or Exemption
5. Unit #18PD		- Community Service Compliance Certification or Exemption

For Unit #29BDAM, the Family Report (form HUD-50058) was signed by the Housing Specialist instead of the Public Housing Manager.

In addition, for Unit #44ADAM, the lease agreement did not specify the lease period and was not fully completed to indicate the rent and utility allowance amount nor was it initialed by the tenant.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-03, continued**

**Program: Low Income Public Housing—Missing/Incomplete Documentation**

**CFDA No. 14.850**

**Cause:**

There is a File Document Review and Checklist that is placed in all tenants' folders during the recertification process; however, it is not being properly used for ensuring that all required eligibility determination documentation is obtained prior to the tenant's admission to the program. The 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. Consequently, procedures for the recertification process and a quality control check to ensure that all Public Housing staff adheres to quality performance have not been fully implemented and monitored.

**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 the 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 and monitor 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 that should be completed to ensure that all the necessary documents are obtained, properly completed and on-file for independent verification. Supervisors and management must examine files to ensure completeness and accuracy.



## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-03, continued**

**Program: Low Income Public Housing—Missing/Incomplete Documentation**

**CFDA No. 14.850**

#### **Auditee Response/Corrective Action Plan:**

We agree with this finding. Since this audit finding, documents in question have been reviewed and signatures obtained. Furthermore, tenants' missing documentations were prepared and signed in which the Housing Specialists have retained within the tenants' folders. #29BDAM-In regards to the Housing Specialist signature instead of Public Housing Manager, staff have been informed to ensure that "for" is included when signing on behalf of Public Housing Manager. #44ADAM-The lease agreement was completed in its entirety.

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 to continue with the recertification process. The Housing Specialist Supervisor is responsible to follow-through with a Quality Control Review to ensure that this checklist is properly documented and completed by the Housing Specialists.

The Public Housing Manager will continue to establish and refine procedures for the recertification process and ensure that the 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, 2006

**Finding No. 06-04**

**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 4% of the twenty-five (25) tenant files tested, the information and composition of family members and date of birth 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 #22JCR, social security number for two of the tenant's siblings was incorrectly inputted as 999-99-9999 on Family Report. In addition the date of birth was incorrectly entered on Family Report as 5/21/99 instead of 6/27/04.

#### 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, 2006**

**Finding No. 06-04, 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 quality 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. Housing Specialist is working with family to obtain the proper documents and retain within the tenant's folder. 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 to continue with the recertification process. The Housing Specialist Supervisor is responsible to follow-through with a Quality Control Review to ensure that this checklist is properly documented and completed by the Housing Specialists.

The Public Housing Manager will continue to establish and refine procedures for the recertification process and ensure that the 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, 2006

**Finding No. 06-05**

**Program: Low Income Public Housing - Annual Recertification**

**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 make appropriate adjustments in the tenant rent using documentation from third-party verification. TRAs are required to commence the annual reexamination process 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.

### Condition:

For one (1) or 4% of twenty-five (25) tenant files tested, the effective annual recertification date was 7/1/06 for Unit #44ADAM; however, form HUD 50058 was completed 8/14/06.

### Cause:

Public Housing personnel did not properly monitor tenant recertification dates to ensure that all tenants are subjected annual reexaminations in a timely manner. Procedures were not enforced to ensure the timeliness of annual recertifications and it appears that Senior TRAs did not review the Public and Indian Housing Information Center (PIC) reports on a monthly basis to monitor the status of reexaminations for program compliance.

### Effect:

The Authority is not in compliance with 24 CFR 960.253, 960.257, and 960.259 its policies and procedures set forth in the Admission & Continued Occupancy Policies for Public Housing program.

### 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, 2006**

**Finding No. 06-05, continued**

**Program: Low Income Public Housing - Annual Recertification**

**CFDA No. 14.850**

#### **Recommendation:**

The Authority should monitor and enforce its existing internal quality control policies and procedures to ensure that all tenants reexamined annually in a timely manner. The Public Housing Manager should monitor tenant recertification dates to ensure that all tenants are subjected annual reexaminations in a timely manner. TRA's should review the Public and Indian Housing Information Center (PIC) reports on a monthly basis to monitor the status of reexaminations for program compliance.

#### **Auditee Response/Corrective Action Plan:**

We agree with this finding. Procedures are being enforced to ensure the timeliness of annual recertifications, such as the Housing Specialists obtaining annual recertification lists and beginning the process at least 90 days before the anniversary date of initial lease. The Housing Specialist Supervisor would review PIC Reports on a monthly basis to monitor the status of reexaminations for program compliance.

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 to continue with the recertification process. The Housing Specialist Supervisor is responsible to follow-through with a Quality Control Review to ensure that this checklist is properly documented and completed by the Housing Specialists.

The Public Housing Manager will continue to establish and refine procedures for the recertification process and ensure that the 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, 2006

**Finding No. 06-06**

**Program: Low Income Public Housing – Annual Inspections**

**CFDA No. 14.850**

Criteria:

Pursuant to the Public Housing Assessment System (PHAS) regulations (24 CFR 902), the Authority must conduct annual inspections of dwelling and non-dwelling units annually. Furthermore, per the Authority's Admission & Continued Occupancy Policies, inspections should be done at move in prior to occupancy, periodically (but not less than annually) prior to lease renewal, and at move out to determine whether tenant maintains a safe, decent and sanitary dwelling unit. Failure to maintain the dwelling unit will result in termination of the tenant's lease.

Condition:

For fifteen (15) or 60% of the twenty-five (25) tenant files tested, there was either no inspection report on file prior to lease renewal or inspection report indicated a failed inspection and there were no work orders or re-inspections to evidence that the deficiencies were corrected in a timely manner for the following:

- a) Unit #12RSSA: Unit was inspected prior to recertification on 5/1/06.
- b) Unit #9MJLG: Inspection report indicated an inoperable fire alarm and there was no work order on file or subsequent inspection to evidence that the deficiency was corrected.
- c) Unit #3BATIS: Unit was inspected more than one after the annual recertification date of 1/6/06.
- d) Unit #D15: Unit was inspected more than one after the annual recertification date of 2/1/06.
- e) Unit #8BMAK: Inspection was conducted using the UPCS Inspection Report which cited level 3 deficiencies which were for inoperative utility ground fault circuit interrupter (GFCI) and there were no work orders or subsequent inspection reports on file to evidence that these deficiencies were corrected in a timely manner.
- f) Units #44ADAM, #10BSAL, #32MAO, #81MAO, #8BMAK, #21BVDP & #22JCR: Inspections were conducted using the Uniform Physical Condition Standards (UPCS) Inspection Report which cited level 3 deficiencies which were for inoperative utility Ground Fault Circuit Interrupter (GFCI) and there were no work orders or subsequent inspection reports on file to evidence that these deficiencies were corrected in a timely manner.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-06, continued**

**Program: Low Income Public Housing – Annual Inspection Reports**

**CFDA No. 14.850**

#### Condition, continued:

- g) Units #21RTS & #52KAL: Upon move-in, the Housing Specialist and Inspector noted an inoperable smoke detector, leaky faucets, torn screen doors and a hole in the bedroom door; however, there were no subsequent work orders on-file or subsequent inspections to evidence that these deficiencies were fixed in a timely manner.
- h) Unit #9JAP: Unit passed initial move-in inspection; however, upon actual move-in, the unit was flooded in several rooms. The Housing inspector transferred the tenant to Unit #9JCR and there was no inspection report on-file to evidence that the Unit #9JCR was inspected before the tenant took occupancy on 9/28/06.

#### Cause:

It seems that the Authority conducts housing inspections according to scheduled time frames that is required by the Uniform Physical Condition Standards (UPCS). However, some of these inspections do not coincide with the annual inspections prior to a tenant's recertification period.

#### Effect:

The Authority is not in compliance with the PHAS regulations as well as its policies set forth in the Admission & Continued Occupancy Policies. Furthermore, if inspections are conducted prior to lease renewals, the Authority can determine those tenants who fail to upkeep their dwelling unit, which conflicts with their lease agreement and may be terminated from the program. Lastly, the Authority could have additional maintenance costs by not identifying unmaintained units and neighborhoods could deteriorate.

#### Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that annual inspections of dwelling units are conducted in a timely manner and documented within the tenant's folder.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-06, continued**

**Program: Low Income Public Housing – Annual Inspection Reports**

**CFDA No. 14.850**

#### **Auditee Response/Corrective Action Plan:**

We agree with this finding. The Authority must conduct annual inspections of dwelling and non-dwelling units annually. Furthermore, the Authority would ensure inspections be conducted at move in prior to occupancy, periodically (but not less than annually) prior to lease renewal, and at move out to determine whether the Authority maintains safe, decent and sanitary dwelling units.

The Housing Specialist Supervisor, Construction Inspector II, and Public Housing Manager will establish procedures regarding the inspection process. All life threatening UPCS deficiencies must be corrected within 24 hours from the inspection date; and other cited UPCS deficiencies should be corrected within 30 calendar days from inspection.

The Construction Inspection II shall re-inspect the “failed” unit to ensure that the deficiencies have been corrected. The Housing Specialists shall also ensure that the inspection reports are completed with notations of completed work order numbers and dates.

The Public Housing Manager must ensure that staffs are complying with program requirements. The Public Housing Manager shall evaluate and validate that the staffs performed a quality control review and that all requirements have been met and properly documented.



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-07**

**Program: Low Income Public Housing – Risk Management**

**CFDA No. 14.850**

### Criteria:

The Authority is required to maintain sufficient insurance coverage to mitigate exposure to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to its employees, and natural disasters for which the Authority carries commercial insurance.

### Condition:

During fiscal year 2005, the Authority allowed its typhoon insurance coverage to lapse and decided to stop carrying typhoon coverage because it was cost prohibitive. A typhoon insurance coverage waiver was granted by HUD provided that the Authority establish and maintain a separate typhoon coverage escrow account in which it will deposit \$200,000 annually until the account balance reaches a minimum of balance of \$1 million.

As of September 30, 2006, the typhoon coverage escrow account had not been established and it should have deposited \$400,000 in the account.

### Cause:

The Authority failed to set up the escrow account in a timely manner.

### Effect:

The Authority is exposed to additional uninsured risk as a result of not having typhoon insurance coverage and is not in compliance with waiver requirements granted by HUD.

### Recommendation:

The Authority should establish the a separate typhoon coverage escrow account and deposit \$400,000 for amounts due fiscal years 2005 and 2006 and thereafter begin making annual deposits of \$200,000 until the account balance reaches a minimum of balance of \$1 million.

### Auditee Response/Corrective Action Plan:

We agree with this finding. The GHURA Typhoon Self-Insurance Escrow Account has been recently established and a deposit of \$600,000 has been made, which represents the balance required through FY 2007. On an annual basis, the Authority will deposit the \$200,000 until such time when the specified \$1,000,000 minimum account balance is reached.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-08**

**Program: Section 8 Housing Choice Voucher – Payment Standard**

**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.

#### Condition:

The Payment Standard approved by the Board of Commissioners effective 3/1/06 is incorrect for the maximum rent of \$608 for studio bedroom size. The HUD approved Fair Market Rent for a studio unit was \$685 and GHURA's payment standard should be at 90% or \$616 of the approved FMR.

#### Cause:

It appears that the payment standard approved by the Board of Commissioners was an oversight of the Housing Manager.

#### Effect:

The Authority is not in compliance with the regulations as set forth on 24 CFR 982.503. However, there was no material effect on the financial statement as the Authority only had issued one voucher for a studio unit.

#### Recommendation:

The Authority should exercise due diligence when establishing its payment standards. The Authority should evaluate its 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.

#### Auditee Response/Corrective Action Plan:

We agree with the finding. The payment standard set for a studio bedroom was an oversight and has since been rectified. The payment standard has been revised and the studio payment standard is now set at \$709, which is at 100% of the current FMR. The new payment standard schedule was approved by the GHURA Board of Commissioners and is effective January 1, 2007.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-09**

**Program: Section 8 Voucher - Utility Allowance Schedule**

**CFDA No. 14.871**

#### Criteria:

Pursuant to 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). The Authority must review its schedule of utility allowances for a category if there has been change of 10 percent or more in the utility rate since the last time the utility allowance was revised. 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:

The Authority did not have an up-to-date utility allowance schedule for the fiscal year ended September 30, 2006. Based on review of the vouchers #04-1202 and #06-1858, the utility allowance per form HUD-50058 was \$80 and \$203, respectively; however, these amounts were not properly determined and documented on HUD-52667.

#### 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 overpayments to either the landlord or underpayments from the tenants.

#### Recommendation:

The utility allowance schedule should be 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 the finding. The Utility Allowance has been updated and approved by the GHURA Board of Commissioners on November 9, 2006.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-10**

**Program: Section 8 Voucher – Eligibility & Rent Reasonableness**

**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 eight (8) or 27% of the thirty (30) Vouchers selected, the tenant folders had missing documentation or not signed for the period under audit are as following:

<u>Voucher</u>	<u>Missing documentation:</u>
1. #06-1858	- Rent Reasonableness form
2. #03-0732	- personal data (i.e. social security cards, birth certificates, etc.)
3. #02-0369	- Declaration of Section 214 Status Form
4. #03-0737	- Declaration of Section 214 Status Form
5. #06-1661	- Termination Letter
6. #03-0799	- Termination Letter
6. #04-1031	- HAP contract not signed by Public Housing Mgr.
7. #01-0093	- HAP contract not signed by Public Housing Mgr.
8. #02-0369	- 4/16/06 interim form HUD-50058 not signed by Public Housing Manager and Tenant

In addition to the above, upon reviewing the tenant folders for vouchers #06-1858 and #03-0799 we noted that the eligibility documentation consisted of loose papers was disorganized in no chronological order and incomplete. For voucher #06-1858, we noted that the HAP Contract was signed by the Housing Administrator and landlord and we had to obtain the following documents from the Housing Specialist Supervisor:

1. Inspection Report
2. Rent Reasonableness Determination Report
3. Determination of Utility Allowance
4. Request for Tenancy Approval form HUD-52517

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-10, continued**

**Program: Section 8 Voucher – Eligibility & Rent Reasonableness**

**CFDA No. 14.871**

Condition, continued:

Based on our inquiries with the Housing Specialist Supervisor, the document were pulled from the tenant's folder for the next upcoming tenant recertification who effective date is 7/31/07. Upon further inspection of the missing documents we noted that the Inspection Report was dated 7/19/06 and the new admission tenant effective date was the same day. In addition the inspection report indicated a zero for the number of sleeping bedrooms and purposes of the FMR or payment standard. The Rent Reasonableness Determination Report appeared to document only one comparable unit located in Santa Rita since the other comparables were located high-cost district area and in the northern village of Dededo; however, the building inspector certified the proposed rent of reasonable.

Cause:

The File Document Review and Checklist located in each tenant's folder is not being properly used and verified for completeness. It appears that the Housing Specialist and Supervisors 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. In addition, quality control procedures have not been fully implemented to ensure that case files are well-organized and properly maintained.

Effect:

The Authority is not in compliance of their policies and procedures as set forth in the Administrative Plan for the Section 8 program. The potential exists for incorrect amounts or rent to be paid and not be detected in a timely manner, as well as documentation being lost due to poor case file management.

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, 2006

**Finding No. 06-10, continued**

**Program: Section 8 Voucher – Eligibility & Reasonable Rent**

**CFDA No. 14.871**

#### Recommendation:

Housing Specialist Supervisors should conduct a thorough review of each file prior to admission or recertification to ensure that all required documentation is obtained prior to admission. Greater quality control and enforcement procedures should be implemented to mitigate errors made by Housing Specialist personnel. The Housing Manager should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Section 8 Administrative Plan and HUD regulations. In addition, the Compliance should also test a sample of tenant files for quality control and SEMAP performance reporting purposes and document the results accordingly and to ensure that tenant eligibility and recertification documentation are accurately prepared and properly documented.

#### Auditee Response/Corrective Action Plan:

We agree with this finding.

#### Corrective Action Plan: (Rent Reasonableness)

The Quality Control Review process is to ensure that the Authority has a written methodology of determining for each unit leased that the rent to the owner is reasonable based on current rents for comparable unassisted units. Supervisors will conduct Quality Control Reviews to ensure that the staffs are adequately implementing the Authority's method of determining reasonable rent. Supervisors will conduct Quality Control verifications on a monthly basis using the updated written methodology. Monitor staffs to ensure that they are complying with the methodology in determining reasonable rent. Monitor for proper documentations in the file.

#### Corrective Action Plan: (Missing Documentation)

Supervisors to enforce existing internal control policies and procedures to ensure that all required documents are submitted and completed during the admission and recertification process. Quality control reviews to conduct periodic inspections of files to ensure that the tenant eligibility and recertification documentations are accurately prepared and documented properly.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-11**  
**Program: Section 8 Voucher – Reasonable Rent**  
**CFDA No. 14.871**

#### Criteria:

In accordance with 24 CFR Sections 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507, the Authority must maintain current records to document the basis for the determination that rent to owner is a reasonable rent. The Authority must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units. To make this determination, the PHA must consider:

1. The location, quality, size, unit type, and age of the contract unit; and
2. Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease

#### Condition:

Based on our review of the Authority's administrative plan for determining reasonable rent and tests performed for newly leased units, we determined the Authority is adhering to its administrative plan; however, we noted the following:

1. The Rent Reasonableness Determination Report appears to document comparable units that exceed payment standard amounts and comparable units are not always in the same location.
2. Reasonable rent determinations are conducted, certified and approved by the Authority's Building. Consequently, there is no segregation of duties with the rent reasonableness determination.
3. There is no independent review or quality control procedure in place to ensure that comparables are being objectively obtained and in fact reasonable rents. There is no documented explanation or analysis for determining how rates were obtained and compared to the proposed leased unit.

#### Cause:

The Authority's administrative plan does not specifically address the segregation of the duties for this function and there is no documented quality control procedure to periodically review the reasonable rent determinations to ensure compliance with HUD regulations and the administrative plan.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-11, continued**  
**Program: Section 8 Voucher – Reasonable Rent**  
**CFDA No. 14.871**

#### Effect:

The Authority is not in compliance with 24 CFR 985.3 (b)(3)(B) for quality control sampling. The potential exists for the perpetration of fraud through collusion for fraud and kickbacks between landlords who have multiple rental units incorrect amounts or rent to be paid

#### Recommendation:

Currently, comparables obtained for rent reasonableness determinations are solely derived by the Authority's Building Inspectors and comparables appear to be high and exceed the payment standard. The data obtained on the Rent Reasonableness Determination Report should be analyzed and documented in such a manner to explain the rationale for the rent determination. For those landlords with multiple units, monthly rent rolls should be requested if needed to determine rents charges for unassisted units. Once the Rent Reasonable Determination Report is completed by the Building Inspector, it should be independently reviewed and approved by the Housing Manager to segregate the duties. We suggest that management consider developing a rental unit data base by bedroom size and by village to develop baseline comparables.

#### Auditee Response/Corrective Action Plan:

We agree with this finding. The problems identified by the auditors are largely due to staffs' lack of training and limited understanding of the Rent Reasonable process. The process has been reassessed and new processes are currently being implemented to achieve program compliance.

Additionally, staffs are scheduled for training in July and August 2007 to increase their understanding and knowledge of the Rent Reasonableness requirement. The new process involves:

1. Comparables data of more than 1,000 have been updated during the first quarter of 2007. The Authority commissioned a private contractor to gather accurate and certifiable comparables data;
2. The authority does have an electronic Comparable database system that adequately prepares a comparable report based on the nine factors required under 24 CFR 982.507. Inspectors are mandated to generate only electronic comparable reports to avoid possible collusion, etc., and manually prepared comparables are prohibited and will no longer be used.



# **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

## **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-11, continued**  
**Program: Section 8 Voucher – Reasonable Rent**  
**CFDA No. 14.871**

### **Auditee Response/Corrective Action Plan, continued:**

3. A quality control review policy has been developed and is being implemented for fiscal year 2007; and
4. To ensure compliance with rent reasonableness test and the payment standards, the Inspectors are reviewing all initial rent and owner rental increase requests. The inspectors prepare the electronic comparables report and provide recommendations of approval or disapproval of the rent rate. The Section 8 Administrator reviews the Inspector's recommendation and issues a final approval or disapproval of all rental rates increases/decreases in accordance with the regulation.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-12**

**Program: Section 8 Housing Choice Voucher - Portability**

**CFDA No. 14.871**

#### **Criteria:**

Pursuant to 24 CFR Section 982.355, to cover assistance for a portable family, the receiving PHA may bill the initial PHA for housing assistance payments and administrative fees. The initial PHA must promptly reimburse the receiving PHA 80 percent of the initial PHA on-going administrative fee for each unit month that the family receives assistance under the tenant-based programs from the receiving PHA.

#### **Condition:**

For one (1) or 3% of the twenty-five (30) vouchers tested, the Authority overpaid a landlord and Vancouver Housing Authority for a portable family under voucher #08-2408. The family provided the Authority a termination of lease agreement effective 2/17/06 and sought housing from the Vancouver Housing Authority. The portability was effective 3/13/06 and the HAP and administrative fees for the portable family was \$638 and \$42.52, respectively. However, the Authority continued to make payments to the landlord resulting in an overpayment of \$1,229 and overpaid the Vancouver Housing Authority by \$1,757 as of May 1, 2007.

#### **Cause:**

The Authority's internal control procedures to process and monitor outgoing vouchers and quality control procedures were not effective in detecting the overpayments in a timely manner.

#### **Effect:**

The potential exist for continued overpayments to landlords and receiving PHA's to occur and not be detected in a timely manner.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-12, continued**

**Program: Section 8 Housing Choice Voucher - Portability**

**CFDA No. 14.871**

#### **Recommendation:**

Efforts should be made to recover the landlord and PHA overpayments by either direct reimbursement or offset of future payments. It is recommended that the appropriate staff members receive adequate training for processing and handling portable families with outgoing vouchers. Quality control procedures should be established and implemented to ensure that all portability transactions are monitored and properly accounted for in accordance 24 CFR 982.553~555.

#### **Auditee Response/Corrective Action Plan:**

The Housing Specialist Supervisor submitted the required documents to the Fiscal Division for processing with accurate payment amounts.

To ensure quality control procedures, each Housing Specialist Supervisor has been designated to coordinate, track, and update their respective portability clients. The Supervisors perform monthly quality control reviews to determine status of each portability tenant and to ensure reconciliation of payment adjustments are applied accordingly. The monthly reports are submitted to the Section 8 Administrator for consolidation.

The Authority agrees with the finding. The Section 8 Administrator will establish internal control procedures to process and monitor outgoing vouchers and will ensure that Supervisors perform quality control reviews. The Section 8 Administrator and Controller will establish procedures to monitor outgoing vouchers and detect possible overpayments in a timely manner.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-13**

**Program: Section 8 Housing Choice Voucher – Drug Abuse and Criminal Activity**

**CFDA No. 14.871**

### Criteria:

Pursuant to the Authority's Section 8 Administrative Plan and 24 CFR Sections 982.553 982.516, the Authority may prohibit admission to the program, if the PHA determines that any household member is currently engaged in, or has engaged in during a reasonable time before admission:

1. Drug-related criminal activity;
2. Violent criminal activity;
3. Other criminal activity which threaten the health, safety, or right to peaceful enjoyment of the premises by other residents or persons residing in the immediate vicinity; or
4. Other criminal activity which may threaten the health or safety of the owner, property management staff, or persons performing a contract administration function or responsibility on behalf of the PHA (including a PHA employee or a PHA contractor, subcontractor or agent).

### Condition:

As part of the Authority's admission process, it requires adult household members to obtain a Police/Court Clearance. The Authority's Administrative Plan states that it shall determine involvement in criminal activity through the police or court clearances for criminal activity. For fourteen (14) or 47% of the thirty (30) Vouchers selected, the Police/Court Clearance was not obtained for the following vouchers:

<u>Continuing Vouchers</u>		<u>New Admissions</u>
#03-1683	#01-0312	#08-2241
#03-0710	#05-1456	#03-0915
#05-1464	#08-2408	#01-0093
#03-0799	#03-0732	#08-2213
#03-0732		#06-1858

### Cause:

The Authority did not adhere to its administrative plan for screening applicants and tenants for family behavior or suitability for tenancy. In addition, management represented that the cost to obtain the police/court clearance as cost prohibitive and focused on screening household members for sex offender registration requirements.

# **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

## **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-13, continued**

**Program: Section 8 Housing Choice Voucher – Drug Abuse and Criminal Activity**

**CFDA No. 14.871**

### Effect:

The Authority did not adhere to its Section 8 Administrative Plan for exercising due to prohibit admission of drug criminals. The potential exist for participants with criminal activity or engaging in illegal drug activity to be admitted to the program and not be detected in a timely manner.

### Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all police and court clearances are obtained during the admission and recertification process. A quality control procedure should be established and implemented to ensure compliance. The Authority should consider amending the existing policy to only require the Police/Court Clearance be required for new admissions.

### Auditee Response/Corrective Action Plan:

We agree with this finding. The requirement of obtaining criminal record clearances is required for all new admissions. The Section 8 staff is ensuring that the continuing vouchers do have police clearances in file while processing as new admissions.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-14**  
**Program: Section 8 Voucher – Waiting List**  
**CFDA No. 14.871**

#### Criteria:

Pursuant to 24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207, the Authority must have written policies in its Section 8 Administrative Plan for selecting applicants from the waiting list and documentation must show that it follows these policies when selecting applicants for admission from the waiting list, except for certain conditions admissions provided in 24 CFR sections 982.203. Additionally, in accordance with 24 CFR 985.3 3(B), the Authority must maintain a quality control system that samples drawn separately for applicants reaching the top of the waiting list and for admission, documentation showing that at least 98 percent of the families in both samples of applicants and admissions were selected from the waiting list for admission in accordance with its administrative policies and met the selection criteria that determined their places on the waiting list and their order of selection.

#### Condition:

Based on our review of the Authority's administrative plan policies and procedures for selection applicants from the waiting list for admission, we noted that initial quality control procedures being performed; however, the quality control sampling methodology and procedures are not clearly documented and there were no documented independent quality control review procedures confirming that 98 percent of the families in both samples of applicants and admissions were selected from the waiting list for admission in accordance with its administrative policies and met the selection criteria that determined their places on the waiting list and their order of selection.

#### Cause:

The Authority's administrative plan has not been updated and does not specifically document or outline quality control sampling procedures to adhere to 24 CFR 985.3 3(B). The Authority's internal confirmatory review was not documented in writing.

#### Effect:

The Authority is not in compliance with 24 CFR 985.3 (b)(3)(B) for quality control sampling.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-14, continued**  
**Program: Section 8 Voucher – Waiting List**  
**CFDA No. 14.871**

#### Recommendation:

The Administrative Plan should be updated to document the Authority's quality control policies and procedures and specifically outline sampling methodologies to ensure that periodic or annual sampling of records drawn in an unbiased manner and reviewed by another qualified person other than the person who performed the original work to determine if the work documented in the files or records conforms to program requirements and minimum quality control sampling requirements in accordance with 24 CFR 985.2.

#### Auditee Response/Corrective Action Plan:

We agree with this finding. The Section 8 Administrator has established the quality control policies and procedures under SEMAP. These QC policies and procedures outlines sampling methodologies to ensure that periodic or annual sampling of records are drawn in an unbiased manner. The review is conducted by another qualified person other than the person who performed the original work. This is required in order to determine if the work documented in the files or records conforms to program requirements and minimum quality control sampling requirements.

- A. Quality Control Evaluation and Validation: The Section 8 Administrator must ensure that staffs are complying with program requirements for selecting families from the Waiting List. The Administrator shall evaluate and validate that the Housing Specialist Supervisor performed a quality control review on indicator #1; all requirements have been met, and properly documented.
- B. Documentation: The Section 8 Administrator must document its review of the Housing Specialist Supervisor's Quality Control process.
- C. Annual SEMAP Certification Reporting: The Administrator must prepare monthly validation reports with supporting documentation to substantiate that requirements have been met for Indicator #1 Selection from the Waiting List. The Validation Report will be used to (1) certify SEMAP, and (2) assess and account towards employee performance.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-15**

**Program: Section 8 Voucher – Housing Quality Standards Inspections**

**CFDA No. 14.871**

#### Criteria:

In accordance with 24 CFR sections 982.158(d), 982.401, 982.404 and 982.405(b), the Authority must inspect the unit leased to a family at annually to determine if the unit meets Housing Quality Standards (HQS) and conduct quality control reinspections. To ensure HQS enforcement, the Authority must perform a quality control sample of case files that failed HQS inspections to show that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the date of inspection, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the date of inspection or any approved extension, or, if HQS deficiencies were not corrected within the required timeframe, the Authority stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations at least 98 percent of cases sampled.

#### Condition:

Based on our review of the Authority's administrative plan policies and procedures and testing of tenant files for conducting HQS inspections, quality control inspections and enforcement, we noted the following:

1. The inspection report was not on-file for voucher #06-1858 for the recertification effective date of 7/1/06.
2. Initial quality control inspection procedures being performed; however, the quality control sampling methodology and procedures are not adequately documented in the Administrative Plan.
3. Sampling techniques used for the quality control inspections for reinspections did not include an adequate cross-section of all inspectors and neighborhoods for recent completed initial HQS inspections performed during the 3 months preceding reinspection.



## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-15, continued**

**Program: Section 8 Voucher – Housing Quality Standards Inspections**

**CFDA No. 14.871**

Condition: continued

4. Sampling techniques used for the quality control inspections of failed inspections did not include an adequate cross-section of all inspectors and neighborhoods for recent completed initial HQS inspections performed during the 3 months preceding reinspection. Quality control sample of case files that failed HQS inspections did not show that, for all cases sampled, any cited life-threatening HQS deficiencies were corrected within 24 hours from the date of inspection, all other cited HQS deficiencies were corrected within no more than 30 calendar days from the date of inspection or any approved extension, or, if HQS deficiencies were not corrected within the required timeframe, the Authority stopped housing assistance payments beginning no later than the first of the month following the correction period, or took prompt and vigorous action to enforce the family obligations at least 98 percent of cases sampled to ensure HQS enforcement.

Cause:

The Authority's administrative plan has not been properly updated and does not specifically document or outline quality control sampling procedures to adhere to 24 CFR 985.3 3(B). The Authority's quality control procedures for inspections and HQS failed inspection were not documented in writing.

Effect:

The Authority is not in compliance with 24 CFR 985.3 (b)(3)(B) for quality control sampling.

Recommendation:

The Administrative Plan should be updated to document the Authority's quality control policies and procedures and specifically outline sampling methodologies to ensure that periodic or annual sampling of records drawn in an unbiased manner and reviewed by another qualified person other than the person who performed the original work to determine if the work documented in the files or records conforms to program requirements and minimum quality control sampling requirements in accordance with 24 CFR 985.2.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-15, continued**

**Program: Section 8 Voucher – Housing Quality Standards Inspections**

**CFDA No. 14.871**

### Auditee Response/Corrective Action Plan:

The Section 8 Administrator has established the quality control policies and procedures under SEMAP. These QC policies and procedures outlines sampling methodologies to ensure that periodic or annual sampling of records are drawn in an unbiased manner. The review is conducted by another qualified person other than the person who performed the original work. This is required in order to determine if the work documented in the files or records conforms to program requirements and minimum quality control sampling requirements.

The Quality Control Review process is to ensure that the Authority follows each HQS inspection of a unit under contract where the unit fails to meet HQS, any life-threatening HQS deficiencies are corrected within 24 hours from the inspection, and all other cited HQS deficiencies are corrected within or no more than 30 calendar days from inspection or any PHA approved extensions. If HQS deficiencies are not corrected in a timely manner, the PHA would abate the housing assistance payments until the deficiencies are corrected within the specified period.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-16**

**Area: Fiscal Division – Account reconciliations**

**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:

There is a consistent 2 to 3 month delay in closing books each fiscal year and it appears that additional qualified accountants may be needed.

1. Various account and/or grant projects were not reconciled throughout the fiscal year in a timely manner.
2. Material discrepancies were noted between the amounts recorded in the general ledger as compared to records maintained and accounted for by the Program Managers at the Research, Planning & Evaluation Division (RP&E). Considered time was spent reconciling amounts reported to grantor agencies by RP&E and amounts recorded in the general ledger which reported in significant differences initially reported on the Authority's schedule of expenditures of Federal awards.
3. General ledger account with balances approximating \$1.1 million had not been properly reconciled and adjusted. Consequently, audit adjustments were made to correct the unreconciled account balances. We noted other immaterial account balances which have not been properly reconciled.
4. Accounting personnel need additional training in governmental accounting and financial reporting standards particularly on GASBS No. 34.
5. Several key accounting personnel were allowed to take vacation during the course of the audit which caused delays in obtaining certain audit information or explanation of accounting issues.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-16, continued**

**Area: Fiscal Division – Account reconciliations**

**CFDA No. N/A**

Cause:

It appears that additional accountants are needed in the Fiscal Division ensure that certain accounting function will cease in the absence of exiting personnel and to allow for proper cross-training of personnel. Additionally, existing accountants and accounting personnel have not received recent or current training on governmental accounting and financial reporting for Local government and Single Audits.

Effect:

There is no known material effect on the financial as a result of this condition, as the unreconciled difference was corrected and adjusted.

Recommendation:

The Authority should consider hiring additional qualified accountants knowledgeable in governmental accounting. This should alleviate the strain placed on existing personnel when vacations are taken and extended absences occur at month and year-end closing. Additionally, cross-training of existing accounting personnel should be implemented to facilitate the close of the books and ensure that certain accounting functions do not cease. To the extent possible, accounting staff vacations should be planned to occur before, near completion or after the audit is completed.

The Fiscal Division should establish procedures to reconcile accounts balances on a monthly basis and if unsubstantially balances or differences still exist after thorough investigation, the amounts should be written-off.

All accounting personnel should be required to obtain continuing professional education training each year in governmental accounting and financial reporting to ensure that accounts remain knowledgeable and technically competent.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2006

**Finding No. 06-16, continued**

**Area: Fiscal Division – Account reconciliations**

**CFDA No. N/A**

#### Auditee Response and Corrective Action Plan:

We have revised our staff performance evaluation criteria for critical task timelines which will allow for the timely preparation, review and submission of required financial reports to our federal oversight agency and local government.

We have improved on the timing of closing monthly periods, and as a result, we do not anticipate repeating the delays in future fiscal year end closings.

The task of monthly reconciliation for grant programs will also be specifically incorporated into staff performance evaluations to ensure more timely resolution of variances. Additionally, the Research, Planning and Evaluation (RPE) Division has updated its accounting system to a reliable Fund Accounting Software that will provide accountability of assets and maintain historical record of operations. A General Accounting Supervisor has been hired to bring the grant accounting records current and reconciled.

We will be more proactive in terms of addressing the final disposition of any dormant account balances, which was the bulk of the aforementioned \$1.1 million adjustment. We have also included this into our monthly checklist to ensure that of a final disposition of any unsubstantiated balances is appropriately addressed.

Future staff performance evaluations will also contain a continuing professional education requirement, which will include training in governmental accounting and financial reporting standards. We will work closely with our Human Resources Division to ensure this requirement is both planned and monitored. Accounting staff will be attending government accounting trainings/seminars annually to fulfill continuing professional education (CPE) requirements.

The scheduling of staff vacations, is and should be a planned activity. However, in certain instances, especially those involving life-threatening illness, this cannot be controlled. Your recommendation is duly noted, and future leave requests will take into consideration the aforementioned concerns before any decisions are made.

There are staff back-ups for all critical accounting functions (receivables, payables and payroll). Cross training for other accounting functions does need to happen, and will be implemented once asset management is in place. Funding for additional staffing will be strongly pursued to effectuate this issue and resolve the other above concerns. The RPE Division accounting staff will be cross-trained; therefore, accounting functions do not cease while staff is on leave.

# **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

## **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-17**

**Area: Management Information Systems & Automated Clearing House  
Transactions**

**CFDA No. All Programs**

### Criteria:

An Information Technology audit (or IT audit) should be periodically conducted to review the controls within the Authority's technology infrastructure.

### Condition:

The Authority electronically submits vendor, tenant and landlord information to various financial institutions for direct deposits to via the Internet for ACH processing. The MIS Division implemented 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; however, these systems have not been independently evaluated to review the controls, computer security, encryption and certification, intruder detection, network vulnerability and firewall security.

### Cause:

The Authority recently completed the development of its formal written ACH policies and procedures for handling electronic bill-paying and direct deposit processes and is now planning to conduct IT audit.

### Effect:

The potential exists for network intrusion and expose the Authority to the risk of loss or theft of cash, establishment of fictitious vendor, landlord and tenant and payments made and not be detected in a timely manner.

## **GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

### **Schedule of Findings and Questioned Costs Year Ended September 30, 2006**

**Finding No. 06-17, continued**

**Area: Management Information Systems & Automated Clearing House  
Transactions**

**CFDA No. All Programs**

#### **Recommendation:**

We commend the Authority consider conducting an IT audit to focusing on the management of information technology and the Authority's architecture to verify that the MIS Division has developed an organized structure and procedures to ensure a controlled and efficient environment and to evaluate client/server intranet, and extranets to verify controls are in place on computer receiving services, server, and on the network connecting to client servers. Regarding the protection of information assets, the IT audit should also include a review and evaluate an organization's information system's availability, confidentiality, and integrity to identify risks that are relevant to information assets, and assess controls in order to reduce or mitigate these risks.

#### **Auditee Response/Corrective Action Plan:**

The Management Information Systems Division has always kept ACH policies and security measures in the forefront of all of its electronic processes. Without concise and tested controls and procedures, there would be much more room for scrutiny. Although MIS continues to monitor and review electronic processing, it is mandatory we keep abreast of these dynamic issues and constantly improve our applicable knowledge through training, research, and a possible Information Technology (IT) audit indicating where our weaknesses may lie. Through a welcomed IT audit we will establish a baseline from which to move forward. The following is the Plan of Action:

11/07 – MIS will budget and solicit via an RFP an IT audit within the FY08.

12/07 – MIS will review, select, and award the RFP IT audit to a successful vendor.

02/07 – Vendor will conduct IT audit, providing findings which document the results, weakness & strengths, recommendations, etc.

03/07 – Based on the recommendations, MIS will develop a phased-in approach based on criticality of each finding, its review, impact, and feasibility.

03/07 – MIS will procure any additional software, hardware, and/or training resulting from the IT audit (budget permitting).

06/07 – Commence documented implementation of the phased-in approach.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2006

#### **Audit Finding #**

05-01 This was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 06-03 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and HHS are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

05-02 This was corrected in the current year.

05-03 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 06-04 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and HHS are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

05-04 This finding was corrected in the current year.

05-05 This finding was corrected in the current year.

05-06 This finding was corrected in the current year.

05-07 This finding was corrected in the current year and closed by HUD.

05-08 This finding was corrected in the current year.

Auditor's Response:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year Finding No. 06-10 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and HHS are not conducting thorough tenant file reviews prior admission or recertification. Therefore this finding is considered unresolved.

05-09 This finding was corrected in the current year.

05-10 This finding was corrected in the current year.

05-11 This finding was corrected in the current year.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2006

#### **Audit Finding #**

05-12        The utility allowance schedule was updated and approved by the Board of Commissioners on 11/6/06.

#### Auditor's Response:

The plan of corrective action did not resolve the finding. A similar deficiency was cited in current year Finding No. 06-09; consequently, the SEMAP certification was incorrect. However, the utility schedule was approved subsequent to September 30, 2006 and therefore resolved.

05-13        The FSS Action Plan will be updated to include procedures that are absent in the Action Plan. Establish procedures to ensure that program is in full compliance. The FSS Coordinators for both programs will ensure that an escrow report is completed and filed in each FSS case file on an annual basis. Copies of the FSS worksheets will be provided to the HS caseworkers to include in tenant files; HS caseworkers will also provide copies of the 50058s to FSS Coordinators for FSS case files.

#### Auditor's Response:

The plan of corrective action did not fully resolve the finding. FSS folder 4BVDP was not provided to the Management Analyst for review, therefore this finding is unresolved.

05-14        This finding was corrected in the current year.

05-15        This finding was corrected in the current year.

05-16        This finding was corrected in the current year.

05-17        This finding was corrected in the current year.

#### Auditor's Response:

The plan of corrective action did not fully resolve the finding. The Authority is still undergoing system upgrade and conversion. Therefore, this finding is considered unresolved.

05-18        This finding was corrected in the current year.

#### Auditor's Response:

The plan of corrective action did not fully resolve the finding. The Authority is still undergoing system upgrade and conversion. Therefore, this finding is considered unresolved.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2006

#### **Audit Finding #**

05-19 This finding was corrected in the current year.

#### Auditor's Response:

The plan of corrective action did not fully resolve the finding. The Authority is still undergoing system upgrade and conversion. Therefore, this finding is considered unresolved.

05-20 This finding was corrected in the current year.

05-21 This finding was corrected and closed by HUD.

05-22 This finding was corrected.

04-01 Corrected and closed by HUD.

04-02 Corrected and closed by HUD.

04-03 Corrected and closed by HUD.

04-04 Corrected and closed by HUD.

04-05 Corrected and closed by HUD.

04-06 Corrected and closed by HUD.

04-07 Corrected and closed by HUD.

04-08 Corrected and closed by HUD.

04-09 Corrected and closed by HUD.

04-10 Corrected and closed by HUD.

04-11 Corrected and closed by HUD.

04-12 Management has mandated increased tenant file reviews by the Housing Specialist Supervisor (HSS) 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 HSS's are required to identify repeated processing weakness and provide one-to-one training and counseling to the respective Housing Specialists. 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. 06-10 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and HHS 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, 2006

#### Audit Finding #

04-13	Corrected.
04-14	Corrected.
04-15	Corrected.
04-16	Corrected.
04-17	Corrected.
04-18	Corrected.
04-19	This was resolved in during fiscal year 2006.
04-20	The utility allowance schedule was updated and approved by the Board of Commissioners on 11/6/06.

#### Auditor's Response:

The plan of corrective action did not resolve the finding. A similar deficiency was cited in current year Finding No. 06-09; consequently, the SEMAP certification was incorrect. However, the utility schedule was approved subsequent to September 30, 2006 and therefore resolved.

04-21	The FSS Action Plan will be updated to include procedures that are absent in the Action Plan. Establish procedures to ensure that program is in full compliance. The FSS Coordinators for both programs will ensure that an escrow report is completed and filed in each FSS case file on an annual basis. Copies of the FSS worksheets will be provided to the HS caseworkers to include in tenant files; HS caseworkers will also provide copies of the 50058s to FSS Coordinators for FSS case files.
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#### Auditor's

Response: Based on review of documents examined by the Authority's Management Analyst, corrective action has partially been taken. Therefore this finding considered unresolved.

04-22	Corrected.
04-23	Corrected.
04-24	Corrected.
04-25	Corrected.
04-26	Corrected.
04-27	Corrected.
03-20	Corrected.
98-16	Corrected in the current year.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Summary of Unresolved Questioned Costs Year Ended September 30, 2006

	<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 2003	\$ 26,470	\$ 26,470	\$ -	\$ -
Total unresolved questioned costs for fiscal year 2004	33,588	-	-	33,588
Total unresolved questioned costs for fiscal year 2005	12,609	-	-	12,609
FY 2006 Questioned costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total unresolved questioned costs at September 30, 2006	<u>\$ 72,66</u>	<u>\$ 26,470</u>	<u>\$ -</u>	<u>\$ 46,197</u>

Note 1: The Authority considers the 2003 questioned costs resolved pursuant guidelines set forth at OMB Circular A-133, Section .315(b)(4).

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Plan	Responsible Party
05-01	LIPH – Missing/Incomplete documentation: a) Birth certificate (8JTQ), b) Lease Amendment not signed (A07), c) Family Report not signed (120B PUT), d) Dwelling Lease Agreement not signed (46KAL, 119SD)	Required signatures and missing documents were obtained and filed in respective folders.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
3/5/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.			
8JTQ, A07, 120BPUT, 46KAL, 119SD – Documents on file. <b>COMPLETED.</b>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-02	LIPH – No documentation for recertification period: File was incomplete or no documentation regarding recertification. (13ARDA8 – lease period: 05/01/04 – 04/30/05)	Late annual recertification; TRA was in process of completing when tenant submitted 30-day notice to terminate effective 2/22/05.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
2/20/06 –Tenant was terminated from the program on 1/3/2006. <b>COMPLETED.</b>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-03	LIPH – Family Report (form HUD-50058) vs. Third-Party Verification: Social Security # for tenant’s son was incorrectly inputted as 999-99-9999 on Family Report, which did not match the information provided by third-party verification. (6MAO)	Proper corrections were made on the Family Reports regarding SS# and dates of births for tenant’s dependents.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
3/5/07 – MAVI reviewed folder and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.			
6MAO – Document on file. <b>COMPLETED.</b>			
REF NO.	Findings	Corrective Action Stated	Responsible Party
05-04	LIPH – Miscalculation of Tenant’s Annual Income Based on Third-Party Verification: a) 9JCR: 12/01/04 – 09/30/05, PHA owes \$1,530 to tenant b) 64KAL: 08/2004 – 07/2005, tenant owes PHA \$240 c) 5JAP: 04/01/05 – 09/30/05; tenant owes PHA \$306	Corrections were made accordingly on tenant’s Family Report. Because of administrative errors, tenants are not obligated to pay.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
3/5/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.			
Corrections were made accordingly on tenant’s Family Report.			
(a) Adjustments were made in account to offset reimbursement. <b>COMPLETED.</b>			
(b-c) Because of administrative errors, tenants are not obligated to pay. (PIH Notice 2003-34 + PIH Notice 2005-7). <b>COMPLETED.</b>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-05	<p>LIPH – Miscalculation of Tenant’s Annual Income based on Earned Income Disregard (EID) Policy:</p> <p>a) 5AVDP – based on calculation tenant owes Authority \$1331 for period 8/1/04 to 6/30/05.</p> <p>b) 13MJLG – based on calculation tenant owes Authority \$3105 for period 9/1/04 to 5/31/05.</p> <p>c) 6JE – based on calculation Authority owes tenant \$144 for period 6/1/05 to 9/30/05.</p>	<p>Corrections will be made on the tenant’s Family Reports for the period under audit and tenants will be called in to sign amended Family Reports.</p>	<p>Public Housing Manager, Housing Specialist Supervisor; Housing Specialist</p>
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>a) 5AVDP –Documents not signed; tenant terminated 12/7/06. <b>Finding will remain open until FY2007.</b></p> <p>b) 13MJLG – Tenant was terminated from the program on 1/3/2006. <b>COMPLETED.</b></p> <p>c) 6JE – documents on file; tenant’s account adjusted to reflect correct calculation. <b>COMPLETED.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-06	LIPH – Occupancy Standards: No justification to explain why the following families were placed in dwelling units exceeding the number of bedrooms allowed for their particular household size: 11ADAM – household size of 4 placed in 5-bedroom; 2RDA8 – household size of 4 placed in 5-bedroom	11ADAM – tenant submitted change report to delete family members. A general transfer request is in file and tenant is placed on waiting list for next available unit.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>11ADAM, 2RDA8 – Both tenants still occupy the same bedroom sizes as previously reported. PH indicated that executive management had requested a moratorium on general transfers until the majority of the units has been occupied by new applicants. PH will review the family's composition and conduct the general transfers to respective bedroom sizes. <b>Finding will remain open until FY2007.</b></p>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-07	LIPH – Late Recertifications/Lease Periods Over One (1) Year	Public Housing is current.	Public Housing Manager, Housing Specialist Supervisor; Housing Specialist
<p><b>9/26/06 - CLOSED BY HUD.</b></p>			



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-08  Prior Year 04-12	S8 Voucher – Missing Documentation: a) #08-2285 – Rent Reasonableness form b) #05-1371 – personal data (SS card, birth certificates) c) #07-2135 – Rent Reasonableness form d) #07-2143 – Rent Reasonableness form	Section 8 Supervisors shall conduct quality control reviews of at least 20% of the tenant files on a monthly basis and submit report to S8 Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV. #08-2285, #05-1371, #07-2135, and #07-2143 – documents on file. <b>COMPLETED.</b>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-09  Prior Year 04-13	S8 Voucher – Family Report (form HUD-50058) vs. Third-Party Verification: Family Report was either incorrectly inputted or did not match the information provided per third-party verification: a) #03-0683 – monthly amount of food stamps per verification at \$735 vs. \$695 on FR; b) #04-1075 – tenant’s dependent’s SS# was inputted incorrectly as 999-99-9999 on FR.	Section 8 Supervisors shall conduct quality control reviews of at least 20% of the tenant files on a monthly basis and submit report to S8 Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV. #03-0683 – since there was no impact on TTP, signature not required on Family Report (50058). 6/15/07-S8 staff had met with HUD Honolulu official to obtain clarification on this issue. As per HUD, there is no regulation requiring a signature on 50058 if there is no impact on TTP, as long as it is documented that the tenant was informed. <b>COMPLETED.</b> #04-1075 – documents on file. <b>COMPLETED.</b>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-10 Prior Year 04-15	S8 Voucher – Miscalculation of Tenant’s Annual Income Based on Third-Party Verification – NO VOUCHER # GIVEN	GHURA agreed with finding.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>#07-2135 – Corrections processed; Payment Standard overpayment was processed and sent to HUD. No impact to case files. <b>COMPLETED.</b></p>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-11  Prior Year 04-19	S8 Voucher – Different Payment Standards/ Overpayment of HAPs – a) #08-2285 – OP of \$1,548 b) #02-0614 – OP of \$1,260 c) #08-2502 – OP of \$1,620 d) #03-0945 – OP of \$2,508	\$6,936; GHURA agreed with finding. Working with HUD to resolve.	S8 Administrator
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>#08-2285, #02-0614, #08-2502, #03-0945 –As noted, case files were processed 06/24/04 prior to HUD RIM error findings on payment standards. However, payment standard has been applied by the RIM Review Audit findings in August 2004. Corrections were made upon recertifications, as agreed with RIM Review Findings. Payment Standard overpayment was processed and sent to HUD. No impact to case files. 4/15/07 – GHURA continues to work with HUD in resolving the payment standards. <b>See attached letters. Finding will remain open until FY2007.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-12 Prior Year 04-20	S8 Voucher – No Updated Utility Allowance Schedule -	GHURA agreed with finding.	S8 Administrator
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>The contractor, ITI Power Savers, completed a Utility Study for the Section 8 Program. The study was completed in 2006. The Section 8 Administrator submitted the utility allowance schedule for Board of Commissioners approval. The BOC approved the schedule on November 9, 2006, to be effective December 1, 2006. <b>Finding will remain open until FY2007.</b></p>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-13 Prior Year 04-21	Family Self Sufficiency (FSS) – Miscalculation of Cumulative FSS Escrow Balance: a) 4BVDP – variance of \$72 b) #03-775 – variance of \$63 c) 10JE – variance of \$293	Both PH and S8 Managers will establish procedures to ensure that program is in full compliance. FSS Coordinator will ensure that an escrow report is completed and filed in each FSS case file on an annual basis.	Public Housing and Section 8 Managers, Program Development Coordinator (RIC), Program Coordinators II (PH) and I (S8)
<p>3/31/07 – Reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of are on file.</p> <p>a) 4BVDP – to date, FSS folder has yet to be provided to MAIV. <b>Finding will remain open until FY2007.</b></p> <p>b) #03-775 – to date, tenant folder has yet to be provided to MAIV. However, reviewed FSS case file and noted that FSS Coordinator transposed her calculation for 2/25/03, thereby causing all calculations after that to be in error. Total calculation should have read \$592.00 (\$296 x 2) instead of \$529.00. (Recommend that the escrow table be established in spreadsheet with formulas.) <b>COMPLETED.</b></p> <p>c) 10JE – Although file and escrow account were corrected to reflect \$4,102, tenant was in non-compliance of lease agreement due to non-payment of rent at certain months. Escrow should not have been calculated for months when rent was not paid. Program Coordinator II did not review tenant’s history of non-payment and continued to process escrow. <b>COMPLETED.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-14  Prior Year 04-27	S8, LIPH, MIS & Fiscal – Automated Clearing House (ACH) Policy – The Authority electronically submits certain tenant and landlord information to various financial institutions for direct deposits via the Internet for ACH processing. The Authority has continued to develop the SOP for ACH processing; still lacks sufficient system controls over the processes for S8, LIPH, and Fiscal Divisions to safeguard assets and mitigate potential fraud.	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.	Data Processing Systems Administrator, Section 8 Administrator, PH Manager, Deputy Controller
3/21/07 – DPS Administrator provided an updated (draft) policy. Copy on file with MAIV. <b>Finding will remain open until FY2007.</b>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-15	Davis-Bacon Act – Wage Compliance: on-site interviews were not conducted during the fiscal year ending September 30, 2005.	WCO is required to maintain a log for all projects with inspection dates conducted and type of labors with names interviewed.	Modernization Coordinator
The items stated in the columns, Corrective Action and Responsible Party, were revised to reflect the Modernization Coordinator and her staff to maintain the logs and conduct the interviews. HUD Honolulu Bill Sabalburo recommended this action while conducting his monitoring review. This finding was considered <b>closed</b> in HUD's <b>9/22/06</b> letter to GHURA.			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-16	Conflict of Interest – During 2005, a BOC 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 ACC. The Authority has requested for a waiver from the Assistant Secretary for PIH via the Honolulu FO; however, to date the waiver has not been granted.	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.	Executive Director and Board of Commissioners
This finding was considered <b>closed</b> in HUD's 9/22/06 letter to GHURA, page 3, Section V: Capital Funds Monitoring Review.			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-17  Prior Year 98-16	Financial Information Systems – Upgrade: 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 G/L, permit the Accounting Department to generate the FDS from the system, among other features. The Authority is still unable to generate the FDS through its software system.	In the event the software provider is not responsive in addressing the financial issues, and unable to resolve them based on our timelines, alternate measures will be taken to ensure that our capability in meeting financial deadlines is not compromised.  <b>SEE 05-19 FOR CORRECTIVE ACTION PLAN</b>	Data Processing Systems Administrator

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-18  Prior Year 98-16	Information Systems Integration – For a number of years, there has been an effort to fully integrate the program information system with the Authority’s accounting and G/L system. The current accounting software was purchased with the intent of being able to produce the FDS each year. 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.	The problems with the data conversion have caused delays in reporting deadlines for the Fiscal Division. The status of the programs is slow but gradual improvement since the conversion from WinTen to WinTen2. Further assessment is needed on the stability of the programs and reliability of the data due to the large amount of investment already made by GHURA. <b>SEE 05-19 FOR CORRECTIVE ACTION PLAN</b>	Data Processing Systems Administrator
05-19  Prior Year 98-16	Accounting System – is unable to produce timely reports and alternative time-consuming procedures are taken.	In the event the software provider is not responsive in addressing the financial issues, and unable to resolve them based on our timelines, alternate measures will be taken to ensure that our capability in meeting financial deadlines is not compromised.	Data Processing Systems Administrator and Deputy Controller
4/01/07 – The Authority is currently under a Memorandum of Agreement with HUD. Two of the Targets and Strategies (T&S) require that both the Controller and Data Processing Systems (DPS) Administrator provide a plan of action for correcting the current financial management system or acquiring a new system. The DPS Administrator was to also provide milestones for each major task relating to the Plan of Action. The Authority is required to submit a monthly report to HUD updating each T&S. This was the latest report submitted to HUD relating to this finding. <b>Finding will remain open until FY2007.</b>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-20	Travel Policy – Supply Management Administrator was contacting the two major airlines operating on Guam and the internet but failed to include travel agencies. Prices varied from other airfare travel obtained through travel agencies and were competitive with those rates obtained from the airline companies.	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 travel agencies because they would refer back to the aforementioned airlines servicing Guam.	Supply Management Administrator
4/15/07 – MAIV has reviewed other travel requests and noted that the Supply Management Administrator has requested quotes from other sources, such as Expedia.com, First Class Travel Agency, and Travel Pacificana along with two major airlines (Continental and NWA). The review was based on at least three travel requests. <b>COMPLETED.</b>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-21	Travel – No documentation of travel disbursement/Variance of travel disbursement	\$5,673  <b>9/26/06 - CLOSED BY HUD.</b>	Special Assistant

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-22	Reporting – HUD Community Planning Development Grants: The Authority did not submit quarterly financial status reports SF-272 and related Grantee Performance Reports to HUD's CPD Office within the 90-day period.	Staff shortage in the RPE Division resulted in the ability to meet timely reporting requirements. Two actions taken: (1) acquired a comprehensive financial management software product to support the accounting of CPD-funded activities; and (2) RPE conducted a thorough evaluation of the accounting staff requirements and are soliciting for two additional accounting positions.	Chief Planner
4/15/07 – HUD is aware of the finding and the corrective actions stated by the Chief Planner. In a letter dated 1/26/07 from HUD to Governor Felix P. Camacho, HUD recognizes the significant improvements in the program timeliness requirements and program management as well as actions taken by the RPE Division. <b>Finding will remain open until FY2007.</b>			

REF NO.	Findings	Corrective Action Stated	Responsible Party
05-23	Accounting Department – State/Local Programs: The Authority maintains various 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. It appears that certain programs are either dormant or have fulfilled their respective mandates.	We will be taking necessary actions to resolve the pending status of the local open programs during FY2006.	CD Manager and Deputy Controller
05/04/07 – The CD Manager has submitted his letter of recommendation to the Acting Controller via the Executive Director to close and transfer the dormant accounts to a special fund account earmarked to address issues and/or activities related to the Authority's Community Development Division's projects and activities. <b>Finding will remain open until FY2007.</b>			



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

### PRIOR YEAR FINDINGS

REF NO.	Findings	Correction Action Stated	Responsible Party
04-12	S8HCV – Missing Documentation: #05-1431 – medical certification for tenant claiming disability; #01-0286 and #08-2386 – Family Participation (form HUD-52646); #04-1074 – Verification of Employment (VOE); #V37-201 – Social Security card for tenant’s stepdaughter	A File Document Review and Checklist is available in each tenant’s folder that must be completed by each Housing Specialist to ensure that all 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 S8 Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
<p>4/15/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. The MAIV will evaluate and assess the quality control review reports conducted by the Section 8 Supervisors to ensure program compliance.</p> <p>#05-1431 – 4/15/07 – MAIV could not locate the Medical Certification for Disability form in folder. Therefore, QC review conducted by Housing Specialist Supervisor does not merit to be completed. <b>Finding will remain open until FY2007.</b></p> <p>#01-0286 – Document on file. <b>COMPLETED.</b></p> <p>#08-2386 – Document on file. <b>COMPLETED.</b></p> <p>#04-1074 – Document file. <b>COMPLETED.</b></p> <p>#V37-201 – Folder retrieved 5/11/07. Staff agreed to finding, but unable to obtain SS card since the tenant was terminated from the program on 11/30/03. <b>COMPLETED.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
04-13	S8HCV – Family Report (form HUD-50058) vs. Third-Party Verification: information was either incorrectly inputted or did not match the information provided by third party: #08-2313 – Date of birth; #01-0286 – interim vs. annual #02-0442 – no interim for 12/2003 #02-0485 – Family Report vs. Voucher Contract	A File Document Review and Checklist is available in each tenant's folder that must be completed by each Housing Specialist to ensure that all 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 S8 Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
<p>4/15/07 – MAVI reviewed folders and copies of documents are on file with MAIV. The MAIV will evaluate and assess the quality control review reports conducted by the Section 8 Supervisors to ensure program compliance.</p> <p>#08-2313 – DOB corrected in 50058, document on file. <b>COMPLETED.</b></p> <p>#01-0286 – Correction completed, document on file. <b>COMPLETED.</b></p> <p>#02-0442 – Interim adjustment processed for new income. HS Supervisor to determine if impact to tenant since documents were not signed.</p> <p>5/14/07 – A review of the files indicated that there was an administrative error on the part of the caseworker. The HS Supervisor noted that the overpayments would have been applied to the year-end settlement statement. <b>COMPLETED.</b></p> <p>#02-0485 – Correction was made and that she had confirmed with tenant that the rent share of \$25 is being paid. <b>COMPLETED.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
04-15	S8HCV – Miscalculation of Tenant’s Annual Income Based on Third-Party Verification: tenant’s annual income and tenant rent were incorrectly calculated due to misinformation reported on Family Report, which did not agree with third-party verification: #06-1621, #08-2414, #02-0442, #01-0286, #38-021	A File Document Review and Checklist is available in each tenant’s folder that must be completed by each Housing Specialist to ensure that all 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 S8 Manager. The report shall contain the total number of files reviewed, findings and corrective action taken to ensure program compliance.	S8 Administrator; Housing Specialist Supervisors; Housing Specialists
<p>4/15/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>#06-1621 – Reviewed file and interim adjustment was processed effective 4/1/04. Documents on file. MAIV to review Fiscal Division’s report to ensure that variance was applied towards year-end settlement. <b>COMPLETED.</b></p> <p>#08-2414 – Reviewed file, documents on file. MAIV to review Fiscal Division’s report to ensure that variance was applied towards year-end settlement. <b>COMPLETED.</b></p> <p>#02-0442 – Reviewed file and interim adjustment was processed effective 3/1/04. Documents on file. HS Supervisor to determine if impact to tenant since documents were not signed. 5/14/07 – A review of the files indicated that there was an administrative error on the part of the caseworker. The HS Supervisor noted that the overpayments would have been applied to the year-end settlement statement. <b>COMPLETED.</b></p> <p>#01-0286 – Reviewed file and interim adjustment was processed effective 5/1/04. Documents on file. <b>COMPLETED.</b></p> <p>#38-021 – Reviewed file and noted that interim adjustment was not completed. Copy of the 50058 was for effective date 2/1/03. File stated that family was terminated from program on 1/31/04. Because of this administrative error, the variance would have been applied toward the year-end settlement statement. 6/15/07 –The Fiscal Division provided documentation of adjustments made on the year-end settlements. <b>COMPLETED.</b></p>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party						
04-19	S8HCV – Different Payment Standards/Overpayment of HAPs: different payment standards reported on Family Report, which did not agree to the payment standards that was approved by HUD: #08-2518, #08-2203, #06-1875, #08-2235, #01-0034, #06-1621, #05-1323, #08-2414, #08-2282, #07-1969, #01-0091, #03-0745, #02-0442, #03-0815, #06-1685, #08-2313, #03-0773, #02-0485, #01-0167, #02-0485, #07-1906, #07-1911, #01-0039, V37-201, V38-021, #03-0736, #01-0232, #06-1825	\$23,564 Remaining files under the S8 HCV Program were to be identified in which tenants whose gross rents exceeded the Payment Standard effective 10/1/03. The Authority is to include the amount owed on the year-end settlement statement and include a list of affected tenants, amount owed and period overpayment covered. Payment standard now in use is as follows: <table><tr><td>0BR - \$663</td><td>1BR - \$712</td><td>2BR – \$869</td></tr><tr><td>3BR - \$1,266</td><td>4BR – \$1,514</td><td>5BR – \$1,741</td></tr></table>	0BR - \$663	1BR - \$712	2BR – \$869	3BR - \$1,266	4BR – \$1,514	5BR – \$1,741	Section 8 Administrator
0BR - \$663	1BR - \$712	2BR – \$869							
3BR - \$1,266	4BR – \$1,514	5BR – \$1,741							
3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV. Payment standard has been applied by the RIM Review Audit findings in August 2004. Corrections were made upon recertifications, as agreed with RIM Review Findings. Payment Standard overpayment was processed and sent to HUD. No impact to case files. 4/15/07 – GHURA continues to work with HUD in resolving the payment standards. 6/15/07 –The Fiscal Division provided documentation of adjustments made on the year-end settlements.									
Request that this finding be closed since the item is reflected in the FY2005 IPA Audit, #05-12. Finding will remain open until FY2007.									

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
04-20	S8HCV – No Updated Utility Allowance Schedule: does not maintain an up-to-date utility allowance schedule.	The BOC approved the contract to ITI Power Savers to conduct the Energy Audit and Utility Allowance Schedule for both housing programs. The Energy Audit and Utility Allowance Schedule should be completed by June 2005.	Section 8 Administrator
<p>3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. Copies of documents are on file with MAIV.</p> <p>The contractor, ITI Power Savers, completed a Utility Study for the Section 8 Program. The study was completed in 2006. The Section 8 Administrator submitted the utility allowance schedule for Board of Commissioners approval. The BOC approved the schedule on November 9, 2006, to be effective December 1, 2006. Finding will remain open until FY2007.</p>			

REF NO.	Findings	Correction Action Stated	Responsible Party
04-21	Family Self Sufficiency (FSS) – Miscalculation of Cumulative FSS Escrow Balance: the cumulative balance of the participant's FSS escrow was miscalculated: 01-0039; V37-201; V38-021; V38-069; V38-046; 06-1825; 10PD; 26JPM; 24BSAL; 58ME; 19ARDB8	The FSS Action Plan will be updated to include procedures to ensure that program is in full compliance. The escrow report will be completed and filed annually. Copies of the FSS worksheets will be provided to the HS caseworkers to include in tenant files; HS caseworkers will also provide copies of the 50058s to FSS Coordinators for FSS case files.	Section 8 Administrator, PH Manager, FSS Coordinators for Section 8 and Public Housing

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
04-24	Travel – Late Submission of Trip & Expense Reports: FY03-068, FY04-002, FY04-006, FY04-007	The Special Assistant has been identified to monitor and ensure that all travel requirements are submitted on a timely manner.	Special Assistant
3/31/07 – MAVI reviewed folders to ensure that all required documents were on the file. MAIV will establish a Training/Travel Register in order to conduct a quality control review over Special Assistant's assignment and to ensure compliance. A sample format is included and will gradually be upgraded to address monitoring and compliance concerns. <b>Finding will remain open until FY2007.</b>			

REF NO.	Findings	Correction Action Stated	Responsible Party
04-25	Travel – No Documentation of Travel Disbursement/Variance of Travel Disbursement: FY04-026, FY04-052	The Special Assistant has been identified to monitor and ensure that all travel requirements are submitted on a timely manner.	Special Assistant
3/31/07 – MAVI reviewed folders to ensure that all required documents were on the file. MAIV will work with Special Assistant to establish a Training/Travel Register to ensure that proper documentation is on file reflecting travel disbursement. <b>COMPLETED.</b>			

REF NO.	Findings	Correction Action Stated	Responsible Party
04-26	Payroll: No Approving Signature on Annual Leave Form: #473	3/31/07 – MAVI reviewed folders and system data to ensure that all required documents and signatures were in the files. <b>COMPLETED.</b>	Payroll Accountant

REF NO.	Findings	Correction Action Stated	Responsible Party
04-27	Section 8, LIPH, MIS & Fiscal - Automated Clearing House (ACH) Policy: lacked sufficient detail narrative and flowchart information to document the processes for the S8, LIPH and Fiscal Divisions		Data Processing Systems Administrator
3/21/07 – DPS Administrator provided an updated (draft) policy. Copy on file with MAIV. <b>Finding will remain open until FY2007.</b>			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
03-19	Travel: trip reports were submitted past the ten-working-day period: FY03-044 (employee submitted memo for extension due to illness.)	The Special Assistant has been identified to monitor and ensure that all travel requirements are submitted on a timely manner.	Special Assistant
3/31/07 – MAVI reviewed folders to ensure that all required documents were on the file. Established a Training/Travel Register in order to conduct a quality control review over Special Assistant's assignment and to ensure compliance.			

REF NO.	Findings	Correction Action Stated	Responsible Party
03-20	Travel: trip reports were submitted past the ten-working-day period: FY03-044 (employee submitted memo for extension due to illness.)	The Special Assistant has been identified to monitor and ensure that all travel requirements are submitted on a timely manner.	Special Assistant
3/31/07 – MAVI reviewed folders to ensure that all required documents were on the file. Established a Training/Travel Register in order to conduct a quality control review over Special Assistant's assignment and to ensure compliance.			

REF NO.	Findings	Correction Action Stated	Responsible Party
02-11	CPD/Section 8 Late Travel Trip Reports: trip reports were submitted more than 10 days after the trip and not in compliance with Authority's policy:	The Special Assistant has been identified to monitor and ensure that all travel requirements are submitted on a timely manner.	Special Assistant
3/31/07 – MAVI reviewed folders to ensure that all required documents were on the file. Established a Training/Travel Register in order to conduct a quality control review over Special Assistant's assignment and to ensure compliance.			

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2006

REF NO.	Findings	Correction Action Stated	Responsible Party
01-12	FSS: overpayment of FSS escrow funds to a participant who has graduated from the program in 6/30/01 resulted in a questioned cost: HAP #5914:	\$10,017 – unresolved	Section 8 Administrator, S8 FSS Coordinators
4/01/07 - Request to close finding since time period is over two years old. Finding will remain open until FY2007.			

REF NO.	Findings	Correction Action Stated	Responsible Party
98-16	Financial Management System –		Data Processing Systems Administrator
4/01/07 – The Authority is currently under a Memorandum of Agreement with HUD. Two of the Targets and Strategies (T&S) require that both the Controller and Data Processing Systems (DPS) Administrator provide a plan of action for correcting the current financial management system or acquiring a new system. The DPS Administrator was to also provide milestones for each major task relating to the Plan of Action. The Authority is required to submit a monthly report to HUD updating each T&S. As indicated in prior MOA submission, DB 137 has already been implemented ahead of schedule. DB138 is scheduled for 4/15/07. This will probably slip due to a number of PHAs that are implementing AMP and are considered “Stop-Loss”. These PHAs require immediate priority by the s/w vendor. Estimated DB 138 install is 5/07. DB 139 is scheduled 6/4/07. Vendor’s senior staff provided documentation on additional changes regarding FDS.			
1. Coordinate staff interviews regarding software deficiencies.		Estimated completion date: 01/15/2007.	Completed 1/26/07.
2. Prioritize, document & communicate issues with vendor.		Estimated completion date: 01/30/2007.	Completed 2/01/07.
3. Establish deadlines and arrangements with vendor.		Estimated completion date: 02/28/2007.	Completed 3/1/07.
4. Implement, review & test s/w modifications in training area.		Estimated completion date: 07/31/2007.	First of 3 scheduled
Releases tested and in “live” production. Second release due 5/07 after scheduled deadline due to PHA clients requiring immediate assistance for AMP implementation while considered in a “Stop-Loss” status.			
5. Program managers to sign off on review & testing;providing performance and functionality feedback.		Estimated completion date: 07/31/2007.	
6. Implement modified s/w upgrades in production area.		Estimated completion date: 08/31/2007.	
7. Final s/w status & mgt approval regarding functionality.		Estimated completion date: 09/30/2007.	
Finding will remain open until FY2007.			



Guam Housing and Urban Renewal Authority

Financial Data Schedule  
September 30, 2006

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 Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Community Health Centers	Total
111	Cash - Unrestricted	\$129,619	\$0	\$0	\$0	\$0	\$794,395	\$591,542	\$0	\$0	\$10,085,699	\$0	\$0	\$660,053	\$0	\$12,261,308
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$100,752	\$0	\$0	\$538,008	\$0	\$0	\$73,676	\$0	\$712,436
113	Cash - Other Restricted	\$189,313	\$0	\$0	\$0	\$0	\$0	\$36,546	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$250,859
114	Cash - Tenant Security Deposits	\$14,017	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,017
100	Total Cash	\$332,949	\$0	\$0	\$0	\$0	\$794,395	\$728,840	\$0	\$0	\$10,623,707	\$0	\$0	\$758,729	\$0	\$13,238,620
122	Accounts Receivable - HUD Other Projects	\$170,348	\$352,335	\$593	\$135,277	\$15,393	\$174,800	\$82,610	\$0	\$0	\$1,214	\$127,385	\$0	\$0	\$0	\$1,059,955
125	Accounts Receivable - Miscellaneous	\$20,257	\$0	\$0	\$0	\$0	\$0	\$30,582	\$0	\$0	\$110,052	\$0	\$0	\$33,963	\$0	\$194,854
126	Accounts Receivable - Tenants - Dwelling Rents	\$8,833	\$0	\$0	\$0	\$0	\$0	\$93,091	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,924
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	(\$64,422)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$64,422)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$3,964	\$0	\$0	\$0	\$0	\$0	\$55,994	\$0	\$59,958
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$199,438	\$352,335	\$593	\$135,277	\$15,393	\$174,800	\$145,825	\$0	\$0	\$111,266	\$127,385	\$0	\$89,957	\$0	\$1,352,269
131	Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$921,817	\$0	\$0	\$262,336	\$0	\$0	\$1,232,992	\$0	\$2,417,145
132	Investments Restricted	\$185,382	\$0	\$0	\$0	\$0	\$0	\$166,455	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$351,837
142	Prepaid Expenses and Other Assets	\$13,938	\$2,778	\$483	\$0	\$0	\$14,483	\$352,004	\$0	\$4,198	\$9,887	\$15,851	\$0	\$199	\$0	\$413,821
143	Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$160,215	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,215
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$344	\$404,754	\$4,278	\$0	\$0	\$61,571	\$538,912	\$0	\$4,118	\$55,646	\$0	\$0	\$6,041,403	\$0	\$7,111,026
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,193,013	\$0	\$4,193,013
150	Total Current Assets	\$732,051	\$759,867	\$5,354	\$135,277	\$15,393	\$1,045,249	\$3,014,068	\$0	\$8,316	\$11,062,842	\$143,236	\$0	\$12,316,293	\$0	\$29,237,946
161	Land	\$1,380,000	\$0	\$0	\$0	\$0	\$0	\$2,130,777	\$0	\$0	\$0	\$0	\$0	\$165,105	\$0	\$3,675,882
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$651,548	\$0	\$48,370	\$0	\$699,918
162	Buildings	\$2,198,357	\$0	\$0	\$0	\$0	\$0	\$61,332,729	\$0	\$0	\$0	\$11,292,043	\$0	\$17,488	\$0	\$74,840,617
163	Furniture, Equipment & Machinery - Dwellings	\$84,460	\$0	\$0	\$0	\$0	\$0	\$804,700	\$0	\$0	\$0	\$23,836	\$0	\$0	\$0	\$912,996
164	Furniture, Equipment & Machinery - Administration	\$20,367	\$0	\$0	\$0	\$0	\$0	\$1,050,446	\$0	\$0	\$483,077	\$111,845	\$0	\$209,304	\$0	\$1,875,039
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	(\$1,381,634)	\$0	\$0	\$0	\$0	\$0	(\$47,178,767)	\$0	\$0	(\$348,111)	(\$51,581)	\$0	(\$53,473)	\$0	(\$49,013,566)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,301,550	\$0	\$0	\$0	\$0	\$0	\$18,139,885	\$0	\$0	\$134,966	\$12,027,691	\$0	\$386,794	\$0	\$32,990,886
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,026,522	\$0	\$1,026,522
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,056	\$0	\$0	\$7,200	\$0	\$44,256
180	Total Non-Current Assets	\$2,301,550	\$0	\$0	\$0	\$0	\$0	\$18,139,885	\$0	\$0	\$172,022	\$12,027,691	\$0	\$1,420,516	\$0	\$34,061,664
190	Total Assets	\$3,033,601	\$759,867	\$5,354	\$135,277	\$15,393	\$1,045,249	\$21,153,953	\$0	\$8,316	\$11,234,864	\$12,170,927	\$0	\$13,736,809	\$0	\$63,299,610

Guam Housing and Urban Renewal Authority

Financial Data Schedule  
September 30, 2006

Line Item No.	Account Description	Supportive Housing for the Elderly	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 Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Community Health Centers	Total
312	Accounts Payable <= 90 Days	\$3,104	\$0	\$0	\$0	\$0	\$8,150	\$105,145	\$0	\$0	\$51,754	\$0	\$0	\$1,016	\$0	\$169,169
321	Accrued Wage/Payroll Taxes Payable	\$6,149	\$9,359	\$341	\$0	\$0	\$17,667	\$106,140	\$0	\$0	\$55,709	\$0	\$0	\$0	\$0	\$195,365
322	Accrued Compensated Absences - Current Portion	\$3,681	\$11,584	\$0	\$0	\$0	\$6,230	\$74,577	\$0	\$0	\$49,286	\$9,807	\$0	\$0	\$0	\$155,165
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$362,318	\$0	\$0	\$1,661,066	\$0	\$0	\$0	\$0	\$2,023,384
341	Tenant Security Deposits	\$13,415	\$0	\$0	\$0	\$0	\$0	\$157,638	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,053
342	Deferred Revenues	\$0	\$379,150	\$5,013	\$3,517	\$0	\$776,425	\$8,133	\$0	\$8,316	\$0	\$19,694	\$0	\$1,177,310	\$0	\$2,377,558
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$34,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,000
345	Other Current Liabilities	\$2,482	\$0	\$0	\$0	\$0	\$0	\$179,756	\$0	\$0	\$213,105	\$0	\$0	\$1,019,547	\$0	\$1,414,890
346	Accrued Liabilities - Other	\$3,458	\$49,992	\$0	\$0	\$0	\$495	\$0	\$0	\$0	\$0	\$9,126	\$0	\$155,890	\$0	\$218,961
347	Interprogram Due To	\$467,420	\$279,679	\$0	\$131,760	\$15,393	\$219,905	\$823,552	\$0	\$0	\$1,986,777	\$86,070	\$0	\$3,100,470	\$0	\$7,111,026
310	Total Current Liabilities	\$533,709	\$729,764	\$5,354	\$135,277	\$15,393	\$1,028,872	\$1,817,259	\$0	\$8,316	\$4,017,697	\$124,697	\$0	\$5,454,233	\$0	\$13,870,571
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$1,518,356	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,518,356
354	Accrued Compensated Absences - Non Current	\$4,565	\$15,307	\$0	\$0	\$0	\$8,024	\$110,942	\$0	\$0	\$68,984	\$13,464	\$0	\$0	\$0	\$221,286
353	Noncurrent Liabilities - Other	\$2,485	\$14,796	\$0	\$0	\$0	\$8,353	\$34,542	\$0	\$0	\$29,357	\$5,075	\$0	\$0	\$0	\$94,608
350	Total Noncurrent Liabilities	\$1,525,406	\$30,103	\$0	\$0	\$0	\$16,377	\$145,484	\$0	\$0	\$98,341	\$18,539	\$0	\$0	\$0	\$1,834,250
300	Total Liabilities	\$2,059,115	\$759,867	\$5,354	\$135,277	\$15,393	\$1,045,249	\$1,962,743	\$0	\$8,316	\$4,116,038	\$143,236	\$0	\$5,454,233	\$0	\$15,704,821
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$749,193	\$0	\$0	\$0	\$0	\$0	\$18,139,885	\$0	\$0	\$134,966	\$12,027,691	\$0	\$4,579,807	\$0	\$35,631,542
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$374,695	\$0	\$0	\$0	\$0	\$0	\$36,546	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$436,241
512.1	Unrestricted Net Assets	(\$149,402)	\$0	\$0	\$0	\$0	\$0	\$1,014,779	\$0	\$0	\$6,983,860	\$0	\$0	\$3,677,769	\$0	\$11,527,006
513	Total Equity/Net Assets	\$974,486	\$0	\$0	\$0	\$0	\$0	\$19,191,210	\$0	\$0	\$7,118,826	\$12,027,691	\$0	\$8,282,576	\$0	\$47,594,789
600	Total Liabilities and Equity/Net Assets	\$3,033,601	\$759,867	\$5,354	\$135,277	\$15,393	\$1,045,249	\$21,153,953	\$0	\$8,316	\$11,234,864	\$12,170,927	\$0	\$13,736,809	\$0	\$63,299,610

Guam Housing and Urban Renewal Authority

Financial Data Schedule  
September 30, 2006

Line Item No.	Account Description	Supportive Housing for the Elderly	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 Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Community Health Centers	Total
703	Net Tenant Rental Revenue	\$66,859	\$0	\$0	\$0	\$0	\$0	\$188,540	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$255,399
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$57,957	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57,957
705	Total Tenant Revenue	\$66,859	\$0	\$0	\$0	\$0	\$0	\$246,497	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$313,356
706	HUD PHA Operating Grants	\$398,904	\$2,093,614	\$102,862	\$640,281	\$147,379	\$841,235	\$3,060,983	\$0	\$0	\$30,074,252	\$305,396	\$0	\$0	\$0	\$37,664,906
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$839,227	\$0	\$0	\$0	\$839,227
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,130	\$0	\$61,834	\$90,964
711	Investment Income - Unrestricted	\$6,865	\$0	\$0	\$0	\$0	\$0	\$34,499	\$0	\$0	\$14,547	\$0	\$0	\$46,748	\$0	\$102,659
713	Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$184,323	\$0	\$184,323
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$2,807	\$4,422	\$0	\$0	\$0	\$1,085,303	\$15,156	\$0	\$0	\$413,309	\$2,551	\$0	\$773,540	\$0	\$2,297,088
720	Investment Income - Restricted	\$968	\$0	\$0	\$0	\$0	\$0	\$5,994	\$0	\$0	\$17,842	\$0	\$0	\$0	\$0	\$24,804
700	Total Revenue	\$476,403	\$2,098,036	\$102,862	\$640,281	\$147,379	\$1,926,538	\$3,363,129	\$0	\$0	\$30,519,950	\$1,147,174	\$29,130	\$1,004,611	\$61,834	\$41,517,327

Guam Housing and Urban Renewal Authority

Financial Data Schedule  
September 30, 2006

Line Item No.	Account Description	Supportive Housing for the Elderly	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 Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Community Health Centers	Total
911	Administrative Salaries	\$97,890	\$352,596	\$4,562	\$12,126	\$0	\$291,898	\$761,275	\$0	\$0	\$968,262	\$157,988	\$0	\$109,479	\$0	\$2,756,076
912	Auditing Fees	\$2,317	\$5,106	\$0	\$0	\$0	\$1,999	\$19,566	\$0	\$0	\$11,799	\$0	\$0	\$0	\$0	\$40,787
914	Compensated Absences	(\$3,824)	\$41,687	\$0	\$0	\$0	\$22,608	\$75,276	\$0	\$0	\$44,623	\$28,346	\$0	\$0	\$0	\$208,716
915	Employee Benefit Contributions - Administrative	\$24,287	\$110,829	\$1,737	\$3,335	\$0	\$84,291	\$205,778	\$0	\$0	\$278,951	\$43,045	\$0	\$15,104	\$0	\$767,357
916	Other Operating - Administrative	\$39,649	\$476,119	\$96,563	\$624,820	\$147,379	\$1,043,211	\$391,475	\$0	\$0	\$207,116	\$14,536	\$0	\$739,277	\$0	\$3,780,145
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$342,676	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$342,676
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$105,940	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$105,940
931	Water	\$41,931	\$0	\$0	\$0	\$0	\$130	\$25,523	\$0	\$0	\$3,221	\$0	\$0	\$0	\$0	\$70,805
932	Electricity	\$46,765	\$0	\$0	\$0	\$0	\$542	\$111,496	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$158,803
941	Ordinary Maintenance and Operations Labor	\$23,330	\$0	\$0	\$0	\$0	\$0	\$423,509	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$446,839
942	Ordinary Maintenance and Operations Materials and Other	\$5,839	\$1,110,135	\$0	\$0	\$0	\$480,799	\$200,923	\$0	\$0	\$0	\$60,762	\$29,130	\$0	\$61,834	\$1,949,422
943	Ordinary Maintenance and Operations Contract Costs	\$41	\$0	\$0	\$0	\$0	\$0	\$2,400	\$0	\$0	\$209	\$0	\$0	\$0	\$0	\$2,650
945	Employee Benefit Contributions - Ordinary Maintenance	\$6,406	\$0	\$0	\$0	\$0	\$0	\$124,556	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130,962
952	Protective Services - Other Contract Costs	\$19,733	\$0	\$0	\$0	\$0	\$14	\$61,084	\$0	\$0	\$92	\$0	\$0	\$0	\$0	\$80,923
961	Insurance Premiums	\$9,657	\$1,564	\$0	\$0	\$0	\$1,046	\$185,273	\$0	\$0	\$12,935	\$1,026	\$0	\$0	\$0	\$211,501
962	Other General Expenses	\$8,630	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,245	\$0	\$0	\$0	\$10,875
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$36,610	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,610
967	Interest Expense	\$93,240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93,240
968	Severance Expense	(\$3,389)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,389)
969	Total Operating Expenses	\$412,502	\$2,098,036	\$102,862	\$640,281	\$147,379	\$1,926,538	\$3,073,360	\$0	\$0	\$1,527,208	\$307,948	\$29,130	\$863,860	\$61,834	\$11,190,938
970	Excess Operating Revenue over Operating Expenses	\$63,901	\$0	\$0	\$0	\$0	\$0	\$289,769	\$0	\$0	\$28,992,742	\$839,226	\$0	\$140,751	\$0	\$30,326,389
973	Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,639,187	\$0	\$0	\$0	\$0	\$24,639,187
974	Depreciation Expense	\$73,751	\$0	\$0	\$0	\$0	\$0	\$2,295,301	\$0	\$0	\$42,914	\$19,476	\$0	\$28,663	\$0	\$2,460,105
900	Total Expenses	\$486,253	\$2,098,036	\$102,862	\$640,281	\$147,379	\$1,926,538	\$5,368,661	\$0	\$0	\$26,209,309	\$327,424	\$29,130	\$892,523	\$61,834	\$38,290,230
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$9,850)	\$0	\$0	\$0	\$0	\$0	(\$2,005,532)	\$0	\$0	\$4,310,641	\$819,750	\$0	\$112,088	\$0	\$3,227,097

## Guam Housing and Urban Renewal Authority

Financial Data Schedule  
September 30, 2006

Line Item No.	Account Description	Supportive Housing for the Elderly	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 Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Community Health Centers	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$984,336	\$0	\$0	\$0	\$0	\$0	\$7,230,641	\$13,966,101	\$0	\$1,153,253	\$11,207,941	\$0	\$8,170,488	\$0	\$42,712,760
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$13,966,101	(\$13,966,101)	\$0	\$1,654,932	\$0	\$0	\$0	\$0	\$1,654,932
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	588	0	0	0	0	0	9,000	0	0	30,180	0	0	0	0	39,768
1121	Number of Unit Months Leased	582	0	0	0	0	0	6,802	0	0	28,156	0	0	0	0	35,540
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,329,098	\$0	\$0	\$0	\$0	\$1,329,098
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,207,887	\$0	\$0	\$0	\$0	\$6,207,887

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Supplementary Information

### Schedule 1

#### Salaries, Wages and Benefits Year Ended September 30, 2006

##### Salaries, wages and benefits:

Salaries	\$ 3,297,379
Retirement benefits	723,053
Benefits other than retirement	241,780
Overtime pay	<u>102,144</u>
 Total salaries, wages and benefits	 <u>\$ 4,364,356</u>
 Employees at end of year	 <u><u>102</u></u>

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