

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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

For The Year Ended September 30, 2007

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(a Public Corporation)

Table of Contents
September 30, 2007

<u>Item</u>	<u>Page No.</u>
I. COMPREHENSIVE FINANCIAL STATEMENTS	
A. Independent Auditor's Report on Financial Statements	1
B. Management's Discussion and Analysis	3
C. Combined Financial Statements	
Statement of Net Assets	30
Statement of Revenues, Expenses and Changes in Net Assets	32
Statement of Cash Flows	33
Notes to Combined Financial Statements	35
D. Combining Financial Statements and Schedules	
Major Enterprise Funds:	
Community Development Block Grants	61
Low Income Housing Program	64
Section 8 Housing Assistance Payment Program	68
HOME Investment Partnerships Program	72
Public Housing Capital Fund Program	75

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(a Public Corporation)

Table of Contents, continued
September 30, 2007

<u>Item</u>	<u>Page No.</u>
I. COMPREHENSIVE FINANCIAL STATEMENTS	
E. Combining Financial Statements and Schedules, continued	
Non-Major Enterprise Funds:	
Statement of Net Assets	79
Statement of Revenues, Expenses and	
Changes in Net Assets	81
Statement of Cash Flows	82
Supportive Housing for the Elderly	83
Supportive Housing Program	87
Shelter Plus Care	90
Resident Opportunity and Supportive Services	93
Emergency Shelter Grant Program	97
Compact Impact Grant Funds	100
Health Care and Other Facilities Grant	103

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(a Public Corporation)

Table of Contents, continued
September 30, 2007

<u>Item</u>	<u>Page No.</u>
I. COMPREHENSIVE FINANCIAL STATEMENTS	
E. Combining Financial Statements and Schedules, continued	
Other Enterprise Funds:	
Statement of Net Assets	106
Statement of Revenues, Expenses and Changes in Net Assets	107
Statement of Cash Flows	108
Local Funds:	109
Sinajana Non-Title I	
Government of Guam Astumbo	
Nauru Project	
Government of Guam	
Low Cost Housing/GHURA 500	
Down Payment Closing Cost	
Home Rehabilitation Loan	
Revolving Funds:	112
Local Revolving Fund	
Revolving Fund	
Trust Funds:	115
Yona Rehabilitation Loan Escrow	
Sinajana/Asan Rehabilitation	
War in the Pacific	
Other Funds:	118
Yona Urban Renewal Escrow	
Sinajana Urban Renewal	
GHURA Rehabilitation	
Existing Operating Reserve	
Program Income Account – Asan	
Program Income Account – Sinajana	

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(a Public Corporation)

Table of Contents, continued
September 30, 2007

<u>Item</u>	<u>Page No.</u>
II. SINGLE AUDIT AND HUD REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Performed in Accordance with Government Auditing Standards	121
Independent Auditor's Report on Compliance and Internal Control Applicable to Each Major Program and on Schedule of Expenditures of Federal Awards	123
Schedule of Expenditures of Federal Awards	126
Independent Auditor's Report on Compliance With Specific Requirements Applicable to Affirmative Fair Housing and Non-Discrimination	128
Schedule of Findings and Questioned Costs:	
Summary of Auditor's Results	129
Findings and Questioned Costs	131
Summary Schedule of Prior Year Audit Findings	143
III. Summary of Unresolved Questioned Costs	145
IV. Management's Plan of Corrective Action	146
V. Supplementary Information:	
Financial Data Schedule	166
Schedule of Salaries, Wages and Benefits	171



CERTIFIED PUBLIC ACCOUNTANT

GUAM

P.O. BOX 12734 • TAMUNING, GUAM 96931
TEL: (671) 472-2680 • FAX: (671) 472-2686

SAIPAN

PMB 297 PPP BOX 10000 • SAIPAN, MP 96950
TEL: (670) 233-1837 • FAX: (670) 233-8214

INDEPENDENT AUDITOR'S REPORT

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, 2007, 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, 2007, 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 Management's Discussion and Analysis on pages 3 through 29 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. This supplementary information is the responsibility of the management of the Guam Housing and Urban Renewal Authority. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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 Financial Data Schedule on pages 166 to 170 is presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development. The accompanying schedule on page 171 is also presented for purpose of additional analysis. These schedules are not a required part of the basic financial statements and are the responsibility of the management of GHURA. 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 19, 2008 on my consideration of the 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 agreements and other matters. 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 control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

J. Scott Magliari & Company

Hagåtña, Guam
May 19, 2008

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

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 on 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 108 in 8 divisions: Executive Management; Administration consisting of Fiscal, Human Resources, Management Information Systems, Procurement, and Audit and Compliance; Section 8 Housing Choice Voucher; Public Housing (Asset Management Project); 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.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

- Involvement of residents in maintenance, management and security strategies.
- The application of sound design solutions to modernization/rehabilitation and new development efforts.

Progress

- Energy improvements such as new lighting are being installed in resident units.
- All occupied units under Public Housing, Guma Trankilidat and Section Eight were inspected through the Uniform Physical Condition Standards and Housing Quality 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.

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.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

- Undertaking strategies to assist residents to obtain employment in order to increase their buying power.

Progress

- Approximately \$17.1 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 2007.

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, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 30.

Financial Highlights

- The Authority had revenues of \$47,499,183 and expenses of \$46,195,715 for the year ended September 30, 2007 (\$41,517,327 and \$38,290,230 for the year ended September 30, 2006), representing increases of \$5,981,856 and \$7,905,485 (approximately 14.0% and 21.0%), respectively, from September 30, 2006.
- Total assets of the Authority increased by \$1,297,297 or approximately 2.3% as of September 30, 2007 (\$3,634,223 and approximately 6.9% as of September 30, 2006).
- The Authority's cash and cash equivalents at September 30, 2007 totaled \$17,013,968, an increase of \$1,006,366, or approximately 6.3% from September 30, 2006.
- The Authority's working capital increased by \$1,572,680, or approximately 10.2% at September 30, 2007.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Overview of the Financial Statements

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

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, 2007

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 35 through 60 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, 2007

The Authority's Funds

Business Type Funds

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 Public Housing consisting of nine developments, one of which is an elderly development. In 2007, GHURA converted its nine developments into four Asset Management Properties (AMP): 1-Central Site Base, 2-Southeast Site Base, 3-Southwest Site Base, and 4-Northern Site Base. These site bases consist of the following developments:

AMP 1 – consists of 158 units located at Sinajana, Agana Heights, Mongmong, and Asan.

AMP 2 – consists of 163 units located at Yona, Inarajan, and Talofofo and Talofofo Elderly.

AMP 3 – consists of 195 units located at Agat, Agat Elderly, Merizo, Merizo Elderly, and Umatac.

AMP 4 – consists of 234 units located at Toto, Dededo, and Dededo Elderly.

The U.S. Department of Housing and Urban Development implemented the requirement that all Public Housing Authorities of 250 or more units convert to asset management, "consistent with the norms in the broader multifamily management industry" (24 CFR 990.255(a)).

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 FY2007, the Authority had 719 units leased, an occupancy rate of 96%.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

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 \$1.4 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.

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 and referred by the

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Department of Integrated Services for Individuals with Disabilities (DISID) and organizations involved with people with disabilities. Of the 2,515 vouchers for Section 8, 175 vouchers are for this program.

Family Self Sufficiency (FSS) Program

The Family Self Sufficiency (FSS) Program is a voluntary initiative that helps families obtain the skills they need to achieve financial independence. Case management support is offered to participating families through referrals to local agencies for education, job fairs, workshops, budget management and other appropriate services to assist the family. All FSS participants must be participants in either the Section 8 Housing Choice Voucher or Public Housing Programs with the Authority.

Upon entering the program, the FSS Coordinator discusses objectives and expectations with the family Head of Household to formulate an Individual Training and Service Plan designed to meet the family's self-sufficiency goals within a five-year period. A formal contract is then signed between the Head-of-Household and GHURA relating to achieving these goals utilizing the resources and services available for that purpose. This contract describes the activities that need to be completed by the family to obtain a higher education and/or job training that can result in a living wage employment. A portion of the participant's monthly rent is put into an interest-bearing HUD escrow account, in accordance with HUD requirements, to be made available to the participant once the contract is successfully completed. This money can be used to start a business or as a down payment on a purchase of a home. Statements are sent to participants with the escrow balance on an annual basis.

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 Fiscal Year 2007, a total of \$4,179,710 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$372,182 were approved for renewal activities in FY07. 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 PY2005-2009 Consolidated Plan". In total, there were over 30 activities either underway at the beginning of the program year or which began

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

during the program year. The 30+ activities represent not only Fiscal Year 2007 activities, but also all activities that are currently funded and still underway in the FY2007, 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 FY2007, the new activities as provided for under the Consolidated Plan for this grant include:

1. Economic Development
 - a. To provide loans, financial support, technical assistance, and business services for micro enterprise
2. Public Facilities and Improvement
 - a. To construct one community youth resource center
 - b. To construct one fire station
 - c. To acquire and construct one new transitional housing facility for homeless men with substance abuse issues
3. Public Service
 - a. To fund one homeless assistance center
 - b. To fund one transitional housing facility for homeless men with substance abuse issues

The following projects were completed in fiscal year 2007:

- Expansion and Upgrade of the Northern Regional Community Health Center in Dededo. GHURA partnered with Department of Public Health and Social Services for the expansion and renovation of the existing facility and to provide access to persons with disabilities and to meet the requirements for health care facilities. The project totaled \$1.9 million, of which \$960,000 was funded under the CDBG, with the remaining balance funded by the Government of Guam through the U.S. Department of Interior Compact Impact and the U.S. Department of Health Resources and Service Administration (HRSA).
- Design and Build of a New Police Precinct and Fire Station in Dededo. These two projects totaled \$2.3 million of which GHURA funded \$1.8 million from the CDBG program. The Government of Guam, through the U.S. Department of Interior Compact Impact funds, funded the remaining balance.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

- *Design and Construction of a Skate Park in Dededo.* The multipurpose recreational skate park addresses the need for additional recreational facilities, opportunities and alternatives that will contribute to the overall welfare of the community. This project was funded with CDBG funds at a total of \$426,000.
- *The Design and Construction of a New Fire Station in Barrigada.* This project addresses Guam's Consolidated Plan to construct one fire station. This project was funded with CDBG funds at a total of \$874,530.
- *The Design and Construction of the Haya Youth Resource Center.* This project also addresses the Guam's Consolidated Plan; the facility will serve troubled and at-risk youth and their families. The \$440,000 cost for this project was funded through the CDBG program.

The following projects were ongoing during the fiscal year:

- *Ironwood Manor Installation of Sewer and Water Line.* The project is funded at a total of \$450,000 to develop off-site infrastructure to service 100-units of affordable rental housing.

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 FY2007, 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 for programs assisting Guam's homeless individuals

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.

The following development projects were completed in fiscal year 2007:

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

- The Design and Construction of Caridad Group Home in Mangilao. This project is a Single Room Occupancy home for adults with disabilities. The project was funded with HOME funds for a total of \$1.2 million.
- The Design and Construction of the Caridad Apartments in Mongmong. This 8-unit apartment complex is to provide affordable rental housing for persons with disabilities. The project was funded with HOME funds totaling \$604,000.

In FY2007, the new activities as provided for under the Consolidated Plan for this grant include:

1. Construction of affordable single family dwellings

Guam is in the initial stages of the Sagan Bonita Affordable Housing Project ("Sagan Bonita"). Guam will acquire developable property and construct new single-family dwellings for low and moderate-income first-time homebuyers. Sagan Bonita is the latest development vehicle undertaken to benefit low- and moderate-income individuals. This project will benefit low/moderate individuals to:

1. Increase the overall rate of homeownership among low and moderate-income individuals and families.
2. Increase minority homeownership.
3. Increase the availability of affordable permanent housing in standard condition to low and moderate income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status or disability.

Guam will partner with the Micronesian Self-Help Housing Corporation (MSHC) to develop a 58-unit housing subdivision in the village of Mangilao for purchase by low and moderate-income homebuyers. All units constructed will be sold to eligible homebuyers with incomes at or below 80% of median income. MSHC has applied for USDA Section 524 loan funds to develop the off-site infrastructure for Sagan Bonita, estimated at a cost of \$1.5M. MSHC intends to utilize the USDA leverage-financing program to fund the vertical construction of 20 homes for sale to qualified MSHC participants.

Guam has utilized HOME Investment Partnership Grant funds for site acquisition in FY2007 and will soon develop on-site infrastructure for Sagan Bonita homes. Turnkey financing is planned for the vertical construction of the 38 homes to be built with HOME funds. Guam will identify eligible buyers and work with local lending institutions to ensure that turnkey development is feasible to both the buyer, lender and for payment to the developer.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Continuum of Care Grant Programs

Shelter Plus Care Program

The Shelter Plus Care Program (S+C or SPC) provides affordable housing and support services to homeless individuals. To qualify for assistance, participants must be homeless, and (depending on the particulars of the specific activity funded) may also be disabled by chronic alcohol or drug problems, serious mental illness, or AIDS and Related Disorders. In addition to receiving a rental subsidy, SPC participants receive support services through a network of local service agencies.

In FY2007, two programs were ongoing, funded by the SPC grant:

1. The Housing First Voucher Program providing tenant-based rental assistance to disabled individuals. GHURA administers the program with the assistance of the Department of Mental Health and Substance Abuse who provide referral and assessment services for program beneficiaries.
2. The Lighthouse Recovery Center Aftercare Program provides post-treatment permanent housing assistance to men recovering from substance abuse. The Salvation Army of Guam Corps administers this SPC-funded program.

Supportive Housing Program

The Supportive Housing Program (SHP) is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. Assistance in the Supportive Housing Program is provided to help homeless persons meet three overall goals:

- achieve residential stability,
- increase their skill levels and/or incomes, and
- obtain greater self-determination (i.e., more influence over decisions that affect their lives).

In FY2007, two activities were awarded renewal funding of SHP grant funds:

1. Guma' Hinemlo is a permanent residential facility housing up to seven persons with severe mental illness. Hinemlo' received a renewal grant in the amount of \$312,163 in FY2007. The SHP grant was awarded to the Department of Mental Health and Substance Abuse.
2. Transitional Housing Case Management is a program to provide case management support to residents of the Liheng Apartments, a transitional housing facility. THCM received a renewal grant in the amount of \$60,019 in FY2007. The SHP grant was awarded to Catholic Social Service, a non-profit organization.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

In FY2007, Guam conducted the *Bi-Annual Street and Shelter Count*. This event is a point-in-time counting of homeless individuals both sheltered and unsheltered across the island. Volunteers from among an array of public, non-profit, and community organizations join forces to assess the extent of homelessness on Guam. The event is an opportunity to provide needed information on available services to the homeless as well as to gather basic information. The data gathered is presented and compiled into a report, the intent of which is to be used as a tool to improve the efforts of service providers to respond to the needs of this most vulnerable of subpopulations. This event is funded by CDBG in the amount of \$15,000 through the homeless awareness outreach program.

AFFORDABLE HOUSING ISSUES AND THE MILITARY EXPANSION

The U.S. Dept. of Defense intends to relocate and home base an estimated 8,000 U.S. Marines from Okinawa to Guam beginning in 2014. By 2020, the total number of active duty military plus their dependents is expected to reach 20,000. During FY2007, the Government of Guam initiated a Civilian-Military Task Force to address the multitude of concerns related to the military buildup. A subcommittee to address housing concerns was formed and has initiated the first steps to commission a Comprehensive Housing Study to explore and identify the impacts of the buildup on Guam's housing needs and expected shortfalls for the needs of low and moderate income persons and families.

In the coming year, a Comprehensive Housing Study will be commissioned to address issues of affordable housing. The Study will include information needed to produce an updated Analysis of Impediments to Fair Housing report. In view of the Department of Defense's plans to relocate several thousand active duty military personnel from Okinawa to Guam, Guam is concerned that fair housing protections be strengthened to proactively address the growing local concern over affordable housing. The planned movement of U.S. military troops into Guam is a significant concern to the future availability and affordability of housing for low-income and moderate-income residents. The prices of developable properties continue to increase. Based on quarterly analysis of housing sales, the average home price also continues a steady rise. The cost of construction is also on the rise largely as a result of increased materials cost and the upswing of construction activity, some of which is linked to the expectations related to the military buildup. While the military most often brings in their own contractors for large-scale construction jobs conducted within the military bases, local contractors are experiencing an upswing in activity as they are hired as subcontractors under these larger primary contracts. Fewer small contractors are available for single-unit home construction. As the supply of available contractors shrinks, the cost for their services can well be expected to increase. Increased costs are also impacted by the rise in petroleum prices. The increasing cost of shipping and delivery impacts the cost of materials necessary to the construction industry.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

State and Local Funds

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

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

STATEMENTS OF NET ASSETS

	2007 (in millions of dollars)	2006 (in millions of dollars)	2005 (in millions of dollars)
Current Assets	\$ 23.6	\$ 17.9	\$ 12.5
Capital Assets and Other, Net	32.8	37.2	39.4
Other Non-Current Assets	1.1	1.1	0.7
Total Assets	<u>57.5</u>	<u>56.2</u>	<u>52.6</u>
Current Liabilities	6.7	6.7	8.1
Long-Term Debt, Net	1.6	1.6	1.6
Other Non-Current Liabilities	0.3	0.3	0.2
Total Liabilities	<u>8.6</u>	<u>8.6</u>	<u>9.9</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	35.2	35.6	37.8
Restricted	8.2	0.5	0.4
Unrestricted	5.5	11.5	4.5
Total Net Assets	<u>\$ 48.9</u>	<u>\$ 47.6</u>	<u>\$ 42.7</u>

During 2007, there was an overall increase in assets of \$1.3 million (\$3.6 million in 2006). The increase was primarily attributable to current year operations and period charges. A net increase in cash of \$0.9 million which was provided by the Housing Choice Voucher

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

program (\$1.1 million), the Public Housing program (\$0.3 million) and Elderly program (\$0.1 million), local program proceeds from land sales (\$0.2 million), while the HOME program cash decreased by \$0.8 million; Investments increased by \$0.1 million; receivables increased \$0.7 million from HUD and local government and others (\$0.4 and 0.3 million, respectively); and capital assets and properties held for sale had a net decrease of \$0.4 million (additions, deletion, depreciation and reduction in properties held for sale).

For more detailed information see pages 30 and 31 for the Statement of Net Assets.

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, 2007.

TABLE 2
CHANGE IN UNRESTRICTED NET ASSETS

	2007 Amount (millions of dollars)	2006 Amount (millions of dollars)	2005 Amount (millions of dollars)
Unrestricted Net Assets at Beginning of Year	\$11.5	\$ 4.5	\$ 4.6
Results of Operations	1.3	3.2	(1.9)
Adjustments:			
Depreciation (1)	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>
Adjusted Results from Operations	<u>3.7</u>	<u>5.6</u>	<u>0.5</u>
Reclassification to Restricted Assets	(7.7)	0.0	0.0
Capital Activity, net	(2.0)	(0.3)	0.0
Prior period adjustment	<u>0.0</u>	<u>1.7</u>	<u>(0.6)</u>
Unrestricted Net Assets at End of Year	<u>\$ 5.5</u>	<u>\$ 11.5</u>	<u>\$ 4.5</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, 2007

TABLE 3

STATEMENTS 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.

	2007 (millions of dollars)	2006 (millions of dollars)	2005 (millions of dollars)
Revenues:			
Operating Subsidies and Grants	\$43.5	\$37.8	\$37.6
Capital Grants	2.0	0.8	0.7
Other Income	1.3	2.5	1.1
Tenant Revenue – Rents and Other	0.4	0.3	0.2
Investment Income	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>
Total Revenues	<u>47.5</u>	<u>41.5</u>	<u>39.7</u>
Expenses:			
Housing Assistance Payments	28.3	24.6	27.7
Maintenance	7.2	2.4	4.2
Administrative	7.1	7.7	6.1
Depreciation	2.5	2.5	2.4
Tenant Services	0.4	0.5	0.4
General and Other	0.4	0.4	0.6
Utilities	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>
Total Expenses	<u>46.2</u>	<u>38.3</u>	<u>41.6</u>
 Excess (Deficiency) of Revenues over Expenses	 <u>\$1.3</u>	 <u>\$3.2</u>	 <u>\$ (1.9)</u>

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

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

Revenues

Tenant Revenue

Tenant related revenue, which accounted for 0.68% of total current year revenues, increased by \$42,330, or approximately 17.2%, 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 \$6.9 million, or approximately 17.9% from the prior year. The net increase resulted primarily from increases of \$1.0 million in Housing Choice Voucher program funding; \$0.3 million in Low Rent Public Housing program funding; \$1.2 million in Capital Grant program activities; \$1.5 million in Community Planning and Development grants (CDBG) and \$2.0 million in HOME programs; \$1.1 million in Department of the Interior Compact Impact funds (DOI); \$0.3 million in Community Health Centers grant funds; and a decrease of \$0.5 million in Continuum of Care grants (COCC, which consists of Supportive Housing and Shelter Plus grant programs).

The following table and chart summarizes the major program sources of operating and capital grant revenue for 2007.

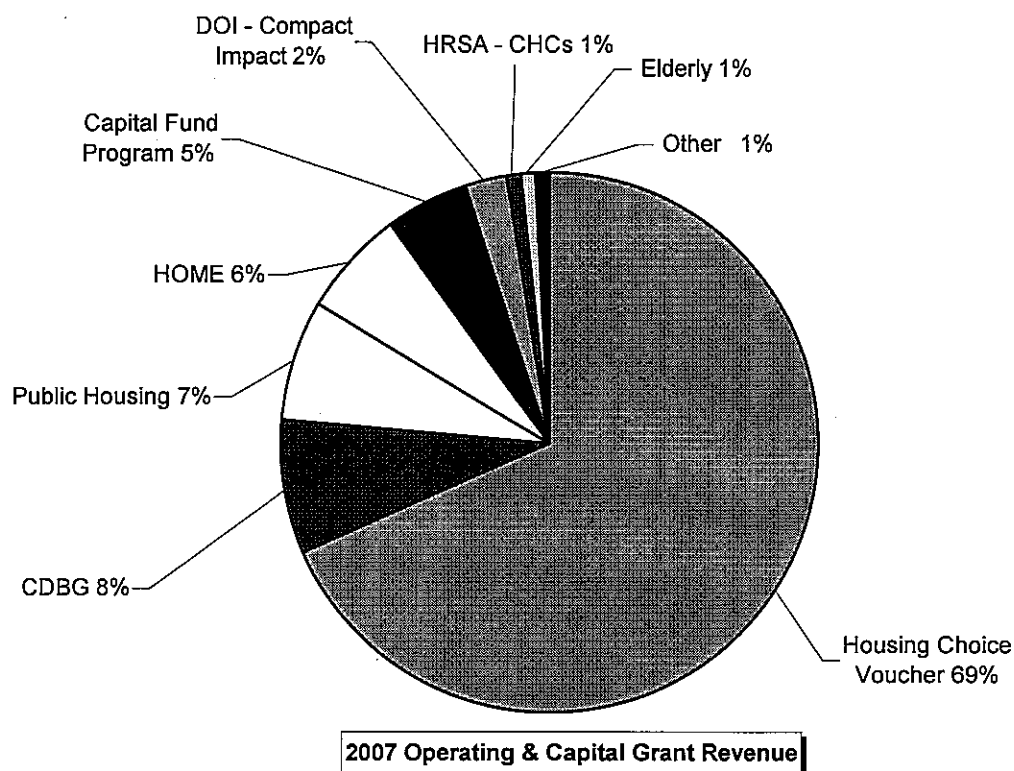
Operating and Capital Grant Revenue by Major Program Sources

<u>Program</u>	<u>2007</u> <u>(in</u> <u>millions)</u>	<u>As a %</u>	<u>2006</u> <u>(in</u> <u>millions)</u>	<u>As a %</u>	<u>2005</u> <u>(in</u> <u>millions)</u>	<u>As a %</u>
Housing Choice Voucher	\$31.1	68.3%	\$30.1	78.0%	\$28.6	74.7%
CDBG	3.6	7.9%	2.1	5.4%	2.4	6.3%
Low Rent Public Housing	3.4	7.4%	3.1	8.0%	3.6	9.4%
HOME	2.8	6.2%	0.8	2.1%	1.8	4.7%
Capital Fund Program	2.3	5.0%	1.1	2.9%	0.9	2.3%
DOI – Compact Impact	1.1	2.5%	0.0	0.0%	0.0	0.0%
Elderly	0.4	0.9%	0.4	1.0%	0.4	1.0%
HRSA – Community	0.4	0.9%	0.1	0.3%	0.0	0.0%
Health Centers and Other						
Facilities	0.4	0.9%	0.9	2.3%	0.6	1.6%
Total	<u>\$45.5</u>	<u>100.0%</u>	<u>\$38.6</u>	<u>100.0%</u>	<u>\$38.3</u>	<u>100 %</u>

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007



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 \$15.4 million in 2007 (\$11.2 million in 2006), which represents a net increase of approximately \$4.2 million, or 37.5% (net decrease of approximately \$0.3 million, or 2.7% in 2006 from 2005). Primary reason for the increase resulted from increases in CDBG and HOME program activity of \$1.4 and \$2.0 million, respectively; \$1.1 million and \$0.3 million increases in Department of the Interior Compact Impact and Community Health Center projects, respectively; HCV expenses increased by \$0.3 million, while there were reductions in COCC grants of \$0.4 million

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

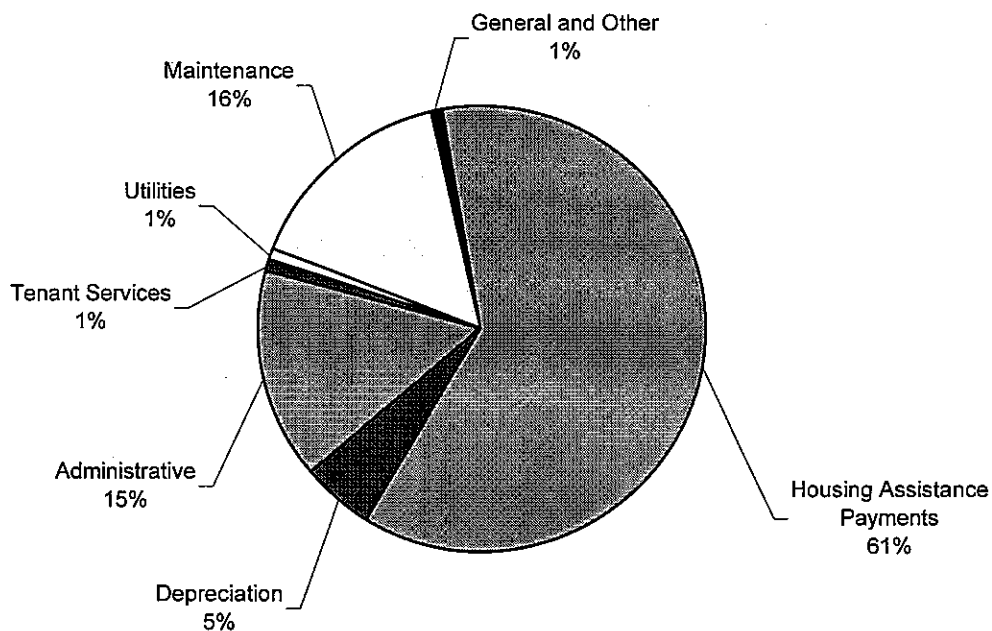
September 30, 2007

and local programs (\$0.5 million). Administrative expense was approximately 14.9% of total revenues in 2007 (18.6% of revenues in 2006).

Other Expenses

During 2007, there was a 15.1% increase in housing assistance payment activity for the Section 8 Housing Choice Voucher program due to higher unit leasing levels (11.2% decrease in 2006). Housing assistance payment expenses increased by approximately \$3.7 million in 2007 (decrease of \$3.1 million in 2006).

2007 Major Expense Categories



Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, 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 \$237,205, or approximately 1.0% from the end of last year (\$1,543,169 in 2006, or approximately 4.5%).

TABLE 4

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

	Business-type Activities		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Land	\$ 3,675,882	\$ 3,675,882	\$ 3,676,641
Buildings	77,419,237	75,540,535	74,728,553
Equipment – Administrative	2,160,029	1,875,039	1,793,162
Equipment - Dwelling	988,645	912,996	889,160
Accumulated Depreciation	<u>(51,490,112)</u>	<u>(49,013,566)</u>	<u>(46,553,461)</u>
Total	<u>\$ 32,753,681</u>	<u>\$32,990,886</u>	<u>\$34,534,055</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 51 of the accompanying notes to the financial statements.

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

TABLE 5
CHANGE IN CAPITAL ASSETS
Business Type Activities

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Balance at Beginning of Year	\$32,990,886	\$34,534,055	\$37,627,119
Additions	2,239,341	917,695	1,136,829
Dispositions	-	(759)	(1,780,498)
Depreciation	(2,476,546)	(2,460,105)	(2,449,395)
Balance at End of Year	<u>\$32,753,681</u>	<u>\$32,990,886</u>	<u>\$34,534,055</u>

Major additions are summarized as follows:

Business – Type Activities:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Capital Improvements Programs (modernization completed on variety of the Authority's Public Housing buildings)	\$ 1,878,702	\$ 839,227	\$ 707,914
Building improvements and plans	-	-	145,788
Land purchase	-	-	15,750
Equipment Purchases	<u>360,639</u>	<u>78,468</u>	<u>267,377</u>
Total Additions	<u>\$2,239,341</u>	<u>\$ 917,695</u>	<u>\$1,136,829</u>

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Debt Outstanding

As of September 30, 2007, the Authority had \$1,517,799 in debt (mortgage loan) outstanding (\$1,552,356 in 2006, a \$34,557 decrease (debt retirement), and \$1,255,432 in subsequent scheduled repayment agreement with HUD concerning the application of incorrect payment standards for the Housing Choice Voucher program. The amount was accrued as a liability in prior years. See Note 18 to accompanying notes to the financial statements.

TABLE 6

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Business Type</u>			
RD Loan- Guma Trankilidat	\$ 1.52	\$ 1.55	\$ 1.58
Due to HUD - HCV	<u>1.25</u>	<u>0.00</u>	<u>0.00</u>
Total Outstanding Debt	<u>\$ 2.77</u>	<u>\$ 1.55</u>	<u>\$ 1.58</u>

Guam Housing and Urban Renewal Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2007

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash flows provided by operating activities	\$ 3.3	\$ 6.3	\$ 1.7
Cash flows provided by (used for) capital and related financing Activity	(2.2)	(0.9)	0.7
Cash flows provided by (used in) investing activities	<u>(0.2)</u>	<u>(0.3)</u>	<u>1.5</u>
Net increase in cash and cash equivalents	0.9	5.1	3.9
Cash and cash equivalents at beginning of year	<u>13.2</u>	<u>8.1</u>	<u>4.2</u>
Cash and cash equivalents at end of year	<u>\$14.1</u>	<u>\$13.2</u>	<u>\$ 8.1</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Net income (loss)	\$ 1.3	\$ 3.2	\$ (1.9)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2.5	2.5	2.5
Bad debts	0.0	0.0	0.0
Prior period adjustment	0.0	1.7	0.0
(Increase) decrease in assets	(0.8)	(0.2)	47.0
Increase (decrease) in liabilities	<u>0.3</u>	<u>(0.9)</u>	<u>(45.9)</u>
Net cash provided by operating activities	<u>\$ 3.3</u>	<u>\$ 6.3</u>	<u>\$ 1.7</u>

In 2007, 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.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

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.
- 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. Effective in the beginning of FY 2008, the Authority will be implementing HUD's asset management model. Under this method, the Authority will implement a management fees or fee for service concept in accordance with HUD's phase-in requirements for asset management. 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.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

- 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. Tenants' reduced incomes result in lower dwelling rental income received by the Authority, and lower collection rates, which have impacted operations.
- 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.

Audit and Compliance

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.

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.

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

Currently the Authority utilizes a commercially developed package that integrates all functional and program areas under one common software umbrella. The software incorporates Section 8 Tenant and Landlords, Occupancy and Rent, Applications Waiting List, Receivables, General Ledger, Work Orders, Purchase Orders, Budgeting, and Payroll as the main modules. All data entry is self-contained within the system and

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

ultimately feeds into the financial portion, where pay out, reporting, and financial tracking occurs. On average the system generates approximately \$3.75 million per month in payments to tenants, landlords, employees, and vendors.

The software exchanges data with HUD web-based reporting requirements, transmits and receives electronic banking payment information on a daily basis, as well as other various Government of Guam agencies. All modules are accessible simultaneously by 80 staff via remote sites, designed to improve our customer service and support. These remote locations in Agat, Yona, Toto, Tumon, and Agana all access the main host server located in Sinajana via T-1, SHDSL, and Broadband telecommunications media.

Short-term goals include Internet based applications allowing increased customer service as well as streamlining operations for the Authority.

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.

Guam Housing and Urban Renewal Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2007

Fraud, Waste, and Abuse

The Authority must maintain their credibility with applicant and participant families, owners, HUD, and the larger community by enforcing program requirements. When families, owners, or GHURA employees fail to adhere to program requirements, the Authority must take appropriate action. The action that is appropriate depends on the particular case of circumstances.

The Authority will address program errors, omissions, fraud, or abuse through both *prevention* and *detection*. Preventive measures are the most effective way to deter widespread program irregularities. Errors, omissions, fraud, and abuse will occur, and the Authority will have preventive measures in place so that any irregularity can be quickly detected and resolved as efficiently, professionally, and fairly as possible. Because preventive measures are the most effective way to deter widespread program irregularities, they will be an integral part of daily operations.

GHURA must ensure that the Authority operates legally and with integrity. The central principle underlying the public ethics codes is the Conflict of Interest, more specifically, the conflict between a public official's individual self-interest and the public interest.

We, as public officials, are held to a higher standard than individuals in the private sector. Public officials are repositories of the public trust and as such have a duty to faithfully and honestly represent the interests of the public.

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, 2007

Assets	Major Enterprise Funds							Other Enterprise Funds
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Home Investment Partnerships Program	Public Housing Capital Fund Program	
Current assets:								
Cash: (Note 1)								
Unrestricted	\$ 5,251,258	\$ -	\$ -	\$ 249,635	\$ 3,945,164	\$ 10,254	\$ -	\$ 195,937
Restricted - other (Notes 3 and 11)	8,838,640	-	-	741,545	7,827,125	-	-	190,264
Restricted - Security Deposits	14,088	-	-	-	-	-	-	14,088
Total cash	14,123,986	-	-	991,180	11,772,289	10,254	-	400,289
Accounts receivable:								
Notes receivable - current portion (Note 4)	60,589	-	-	4,595	-	-	-	-
Tenants (Note 1)	86,922	-	-	65,374	-	-	-	21,548
Government of Guam	234,456	-	-	-	-	-	-	234,456
HUD	1,487,484	-	703,826	82,610	1,214	304,708	149,036	246,090
Due from other funds (Notes 1 and 5)	-	(7,358,159)	404,754	569,436	-	91,873	-	9,313
Other	196,776	-	-	30,582	113,783	-	-	20,258
	2,066,227	(7,358,159)	1,108,580	752,597	114,997	396,581	149,036	531,665
Allowance for doubtful accounts	(54,016)	-	-	(54,016)	-	-	-	-
Total accounts receivable, net	2,012,211	(7,358,159)	1,108,580	698,581	114,997	396,581	149,036	531,665
Investments (Notes 2 and 3):								
Unrestricted	2,313,347	-	-	962,099	64,377	-	-	-
Restricted/reserved by fiscal agent	576,635	-	-	173,729	209,423	-	-	193,483
Total investments	2,889,982	-	-	1,135,828	273,800	-	-	193,483
Prepaid and other current assets								
Inventories (Note 1)	487,851	-	823	338,815	6,061	113,852	15,388	12,713
Other real estate (Notes 1 and 6)	132,197	-	-	125,464	-	-	-	6,733
	3,985,095	-	-	-	-	-	-	-
Total current assets	23,631,322	(7,358,159)	1,109,403	3,289,868	12,167,147	520,687	164,424	1,144,883
Noncurrent assets:								
Capital assets, net (Notes 1 and 7)	32,753,681	-	42,438	15,976,782	131,217	21,222	13,933,514	2,266,274
Notes receivable - noncurrent (Note 4)	1,063,822	-	-	-	-	-	-	-
Other assets	37,056	-	-	-	37,056	-	-	-
Total noncurrent assets	33,854,559	-	42,438	15,976,782	168,273	21,222	13,933,514	2,266,274
Total assets	\$ 57,485,881	\$ (7,358,159)	\$ 1,151,841	\$ 19,266,650	\$ 12,335,420	\$ 541,909	\$ 14,097,938	\$ 3,411,157

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Statement of Net Assets, Continued

September 30, 2007

	Major Enterprise Funds							Non-Major Enterprise Funds	Other Enterprise Funds
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Home			
Current liabilities:									
Current portion of note payable (Note 8)	\$ 36,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,252	\$ -
Vendors/contractors	453,607	-	-	107,490	51,754	8,250	-	237,667	48,446
Current portion of compensated absences (Notes 1 and 9)	224,970	-	36,699	92,941	69,981	11,273	6,463	7,613	-
Current portion of HUD settlement (Notes 9 and 18)	1,113,520	-	-	-	1,113,520	-	-	-	-
HUD - other	767,952	-	-	362,318	405,634	-	-	-	-
Due to other funds (Note 5)	-	(7,358,159)	585,297	572,712	2,019,903	422,566	42,485	605,261	3,109,935
Security deposits	180,777	-	-	165,769	-	-	-	15,008	-
Accounts payable other	1,476,380	-	43,066	-	-	495	-	2,482	1,430,337
Accrued salaries and wages	594	-	-	-	594	-	-	-	-
Accrued liabilities	138,401	-	-	-	-	-	25	-	138,376
Deferred revenues	1,838,381	-	394,150	4,620	-	67,547	103,702	18,384	1,269,978
Other current liabilities	440,433	-	-	175,740	261,235	-	-	3,458	-
Total current liabilities	6,691,267	(7,358,159)	1,059,212	1,481,590	3,922,621	510,131	152,675	926,125	5,997,072
Noncurrent liabilities:									
Long-term portion of note payable (Notes 8 and 9)	1,481,547	-	-	-	-	-	-	1,481,547	-
Long-term portion of HUD settlement (Notes 9 and 18)	141,912	-	-	-	141,912	-	-	-	-
Accrued compensated absences (Notes 1 and 9)	272,898	-	50,191	109,404	83,022	10,556	11,749	7,976	-
Total noncurrent liabilities	1,896,357	-	50,191	109,404	224,934	10,556	11,749	1,489,523	-
Total liabilities	8,587,624	(7,358,159)	1,109,403	1,590,994	4,147,555	520,687	164,424	2,415,648	5,997,072
Net assets: (Note 11)									
Invested capital assets, net of related debt	35,220,977	-	42,438	15,976,782	131,217	21,222	13,933,514	748,475	4,367,329
Restricted	8,239,653	-	-	646,640	7,184,266	-	-	383,747	25,000
Unrestricted	5,437,627	-	-	1,052,234	872,382	-	-	(136,713)	3,649,724
Total net assets	48,898,257	-	42,438	17,675,656	8,187,865	21,222	13,933,514	995,509	8,042,053
Total liabilities and net assets	\$ 57,485,881	\$ (7,358,159)	\$ 1,151,841	\$ 19,266,650	\$ 12,335,420	\$ 541,909	\$ 14,097,938	\$ 3,411,157	\$ 14,039,125

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, 2007

	Major Enterprise Funds							Non-Major Enterprise Funds	Other Enterprise Funds
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Home Investment Partnerships Program	Public Housing Capital Fund Program		
Operating revenues:									
Tenant rental income	\$ 325,635	\$ -	\$ -	\$ 248,986	\$ -	\$ -	\$ -	\$ 76,649	\$ -
HUD PHA Operating Grants	41,984,058	-	3,513,516	3,386,508	31,091,670	2,791,066	361,440	839,858	-
Other Federal Grants	1,538,540	-	-	-	-	-	-	1,538,540	-
Property sales	45,500	-	-	-	-	-	-	-	45,500
Other income	1,294,363	-	2,296	39,841	-	1,146,906	1,600	-	103,720
Total operating revenues	45,188,096	-	3,515,812	3,675,335	31,091,670	3,937,972	363,040	2,455,047	149,220
Operating expenditures:									
Housing assistance payments	28,352,405	-	-	-	28,352,405	-	-	-	-
Administrative salaries and wages	2,880,656	-	359,208	793,878	1,149,244	274,765	133,220	129,740	40,601
Employee benefits	866,494	-	114,342	234,674	351,269	76,411	40,471	41,058	8,269
Tenant service	382,585	-	-	382,585	-	-	-	-	-
Professional fees	223,112	-	5,831	80,361	120,732	9,078	-	7,110	-
Bad debts	(10,161)	-	-	(10,161)	-	-	-	-	-
Utilities	238,518	-	1,687	141,088	18,023	1,060	-	76,660	-
Travel	32,609	-	-	13,083	19,526	-	-	-	-
Insurance	217,983	-	3,215	184,068	8,966	1,878	463	19,393	-
Compensated absences	21,952	-	45,203	(17,716)	5,377	(778)	(10,134)	-	-
Repairs and maintenance	6,104,414	-	2,504,316	826,846	-	2,376,870	-	396,382	-
Protective services	56,347	-	334	55,494	-	-	-	519	-
Other	4,260,332	-	481,676	278,573	140,283	1,198,688	199,020	1,606,359	355,733
Depreciation	2,476,546	-	-	2,288,213	49,632	-	20,698	76,649	41,354
Total operating expenditures	46,103,792	-	3,515,812	5,250,986	30,215,457	3,937,972	383,738	2,553,870	445,957
Operating income (loss)	(915,696)	-	-	(1,575,651)	876,213	-	(20,698)	101,177	(296,737)
Non-operating revenues (expenditures):									
Interest income on unrestricted investments	128,976	-	-	44,438	19,753	-	-	8,571	56,214
Interest income on restricted investments	152,688	-	-	10,330	141,407	-	-	951	-
Other income	39,242	-	-	5,329	31,666	-	-	2,247	-
Capital Grants	1,990,181	-	42,438	-	-	21,222	1,926,521	-	-
Interest expense	(91,923)	-	-	-	-	-	-	(91,923)	-
Total non-operating revenues (expenditures)	2,219,164	-	42,438	60,097	192,826	21,222	1,926,521	(80,154)	56,214
Change in net assets	1,303,468	-	42,438	(1,515,554)	1,069,039	21,222	1,905,823	21,023	(240,523)
Total net assets at beginning of year	47,594,789	-	-	19,191,210	7,118,826	-	12,027,691	974,486	8,282,576
Total net assets at end of year	\$ 48,898,257	\$ -	\$ 42,438	\$ 17,675,656	\$ 8,187,865	\$ 21,222	\$ 13,933,514	\$ 995,509	\$ 8,042,053

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, 2007

	Major Enterprise Funds								
	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Home Investment Partnerships Program	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
Cash flows from operating activities:									
Receipts from customers	\$ 42,745,165	\$ -	\$ 3,555,954	\$ 3,348,088	\$ 31,091,670	\$ 2,182,127	\$ 363,040	\$ 2,052,658	\$ 151,628
Payments to suppliers	(38,783,339)	-	(2,997,059)	(1,070,980)	(28,659,935)	(3,741,554)	(199,483)	(2,106,423)	(57,905)
Payments to employees	(4,710,200)	-	(518,733)	(1,931,954)	(1,505,890)	(350,398)	(163,557)	(170,798)	(48,850)
Other cash receipts	4,028,984	-	2,296	60,097	280,086	1,146,906	1,926,521	375,934	237,044
Net cash provided by (used in) operating activities	3,280,510	-	42,438	435,251	1,205,931	(762,919)	1,926,521	151,371	281,917
Cash flows from capital and related financing activities:									
Acquisition of fixed assets	(2,239,342)	-	(42,438)	(125,110)	(45,885)	(21,222)	(1,926,521)	(41,373)	(36,793)
Net cash used for capital and related financing activities	(2,239,342)	-	(42,438)	(125,110)	(45,885)	(21,222)	(1,926,521)	(41,373)	(36,793)
Cash flows from investing activities:									
Repayment of notes payable	(34,557)	-	-	-	-	-	-	(34,557)	-
Decrease (increase) in investments	(112,477)	-	-	(47,801)	(2,696)	-	-	(8,101)	(53,879)
Increase in restricted assets	(8,768)	-	-	-	(8,768)	-	-	-	-
Net cash used in investing activities	(155,802)	-	-	(47,801)	(11,464)	-	-	(42,658)	(53,879)
Net increase (decrease) in cash and cash equivalents	885,366	-	-	262,340	1,148,582	(784,141)	-	67,340	191,245
Cash and cash equivalents at beginning year	13,238,620	-	-	728,840	10,623,707	794,395	-	332,949	758,729
Cash and cash equivalents at end of year	\$ 14,123,986	\$ -	\$ -	\$ 991,180	\$ 11,772,289	\$ 10,254	\$ -	\$ 400,289	\$ 949,974
Cash, including time deposits	\$ 5,251,258	\$ -	\$ -	\$ 249,635	\$ 3,945,164	\$ 10,254	\$ -	\$ 195,937	\$ 850,268
Restricted cash, including time deposits	8,872,728	-	-	741,545	7,827,125	-	-	204,352	99,706
Total cash and cash equivalents at end of year	\$ 14,123,986	\$ -	\$ -	\$ 991,180	\$ 11,772,289	\$ 10,254	\$ -	\$ 400,289	\$ 949,974

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, 2007

Major Enterprise Funds

	Total	Eliminations	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Home Investment Partnerships Program	Public Housing Capital Fund Program	Non-Major Enterprise Funds	Other Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:									
Net income (loss)	\$ 1,303,468	\$ -	\$ 42,438	\$ (1,515,554)	\$ 1,069,039	\$ 21,222	\$ 1,905,823	\$ 21,023	\$ (240,523)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:									
Depreciation	2,476,546	-	-	2,288,213	49,632	-	20,698	76,649	41,354
Bad debts	(10,161)	-	-	(10,161)	-	-	-	-	-
(Increase) decrease in assets:									
Tenant receivables	15,002	-	-	27,717	-	-	-	(12,715)	-
Accounts receivable - HUD	(423,826)	-	(351,491)	-	-	(35,388)	(21,651)	(15,296)	-
Accounts receivable - Due from other funds	(245,581)	-	-	(30,524)	55,646	(124,822)	-	95,497	(241,378)
Promissory notes	(37,931)	-	-	(631)	-	-	-	-	(37,300)
Accounts receivable - Other	(229,165)	-	-	-	(3,731)	-	-	(234,442)	9,008
Prepaid and other assets	(74,043)	-	1,955	13,189	3,828	(99,369)	463	5,891	-
Inventories	28,018	-	-	34,751	-	-	-	(6,733)	-
Land held for sale	207,918	-	-	-	-	-	-	-	207,918
Increase (decrease) in liabilities:									
Accounts payable - vendors/contractors	284,438	-	-	2,345	-	100	-	234,563	47,430
Accounts payable - HUD	(12,805)	-	-	-	-	-	-	(12,805)	-
Accounts payable - Due to other funds	254,684	-	305,618	(250,840)	33,126	202,661	(43,585)	(1,760)	9,464
Compensated absences and sick leave	2,306	-	19,119	(17,716)	5,376	(3,762)	(10,134)	9,423	-
Accrued salaries and wages	(69,549)	-	(7,944)	-	(55,115)	-	-	(6,490)	-
Other current liabilities	(131,626)	-	-	(179,756)	48,130	-	-	-	-
Security deposits	9,724	-	-	8,131	-	-	-	1,593	-
Accrued liabilities	147,345	-	-	69,600	-	-	(9,101)	-	86,846
Other liabilities	305,053	-	17,743	-	-	(14,683)	-	(4,437)	306,430
Deferred revenues	(519,305)	-	15,000	(3,513)	-	(708,878)	84,008	1,410	92,668
Net cash provided by (used in) operating activities	\$ 3,280,510	\$ -	\$ 42,438	\$ 435,251	\$ 1,205,931	\$ (762,919)	\$ 1,926,521	\$ 151,371	\$ 281,917

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2007

(I) *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 to low to moderate-income families 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, 719 units or 96% were leased as of September 30, 2007. These properties are modernized under HUD's Capital Funds Program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(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, 2,548 were leased or 101% as of September 30, 2007.

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 non-luxury housing with suitable amenities, among others.

Public Housing Capital Fund Program

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 the 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2007

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

Non-Major Enterprise Funds, continued

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.

Resident Opportunity and Supportive Services

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

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.

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.

Health Care and Other Facilities Grant

This program is funded by the U.S. Department of Health and Human Services to construct, renovate, expand, equip or modernize non-acute health care facilities and other health care related facilities.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

Other Enterprise Funds

The following funds were determined to be non-major enterprise funds for the year ended September 30, 2007:

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.

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 with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

c) New Accounting Standards

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 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.

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 implemented this Statement during the fiscal year ending September 30, 2007.

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.

GASB Statement No. 48 - In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement addresses accounting and financial reporting standards for transactions where governments exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. This statement establishes criteria and reporting standards regarding the exchange as either a sale or collateralized borrowing, resulting in a liability. This statement is not effective until June 30, 2008. The Authority has not determined its effect on the financial statements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

New Accounting Standards, continued

GASB Statement No. 49 - In November 2006, the GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is not effective until June 30, 2009. The Authority has not determined its effect on the financial statements.

GASB Statement No. 50 - In May 2007, the GASB issued Statement No. 50, "Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27". This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement is not effective until June 30, 2008. The Authority has not determined its effect on the financial statements.

GASB Statement No. 51 - In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets". This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement is not effective until June 30, 2010. The Authority has not determined its effect on the financial statements.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

d) 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.

e) 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 that 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 as 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(I) *Summary of Significant Accounting Policies, continued*

f) 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 and budgets are developed annually for 12 month terms, which begin October 1st and ends September 30th of fiscal each year.

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

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 2007, several budget revisions were necessary and the final Authority-wide budgets to actual amounts were not provided for financial statement presentation.

g) 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 \$17,009,741 is subject to coverage by the Federal Deposit Insurance Corporation (FDIC).

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

h) 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, 2007 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.

i) Inventories

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

j) Prepayments

Payments made to vendors for services that will benefit periods beyond September 30, 2007 are recorded as prepaid items.

k) Restricted Assets

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

l) 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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(1) Summary of Significant Accounting Policies, continued

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.

m) 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.

n) 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, 2007 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, 2007, accrued earned compensated absences totaled \$497,868.

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, 2007, the total amount of unused sick leave for members under the DCRS plan was \$259,526 of which 50%, or \$129,763 was accrued in the accompanying financial statements.

o) Administrative and General 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.

p) 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

q) 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.

r) 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, grantors or enabling legislation. The Authority's restricted are net assets expendable. All other net assets are unrestricted.

s) 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.

t) 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.

u) 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.

v) 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

w) *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, 2007 consist of the following:

	<u>2007</u>
Cash on hand and due from banks	\$14,123,986
Investments	<u>2,889,982</u>
	<u>\$17,013,968</u>

Of the above cash and cash equivalents and investments, \$8,858,640 was restricted for at September 30, 2007. Refer to Note 3 for further discussion on restricted cash, cash equivalents and investments.

The deposits and investment policies of the Authority are governed by 5 GCA 21, *Investments and Deposits*. 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 rated Aa1/P-1 by Moody's.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(2) *Cash and Investments, continued*

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, 2007, the carrying amount of the Authority's total cash and cash equivalents was \$17,013,968 with a corresponding bank balance was \$17,009,741 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, 2007, 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, 2007

(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, 2007, 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. 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(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, 2007, GHURA had \$190,264 and \$193,483 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, 2007, FSS escrow amounts held by the Authority for the Section 8 and Low Rent Public Housing participants in the FSS program totaled \$642,859 and \$94,905, respectively.

The Section 8 HCV program also has restricted cash of \$7,184,266, which represents housing assistance payment (HAP) revenue that has accumulated since January 1, 2005. HUD PIH Notice 2006-03 required that excess (unused) HAP funding received in excess of related HAP expenses, from the above date be recognized as revenue, and that the accumulated revenue (HAP equity) be segregated as part of undesignated fund balance. Upon further clarification by HUD in PIH Notice 2008-09, which was issued on January 30, 2008, concerning the implementation of the aforementioned notice, the associated cash related to the aforementioned HAP equity under proprietary fund reporting should be reported as restricted. These funds are available only for certain eligible HAP expenses and not for program administrative purposes. This amount also represents HAP restricted equity balance as of September 30, 2007.

The Low Rent Housing program also has additional restricted cash funds totaling \$646,640, which consists primarily of a separate, HUD approved typhoon coverage self-insurance fund. Based on the terms of the self-insurance agreement with HUD, the Authority would need HUD's approval for any withdrawal and expenditure of these funds. As of September 30, 2007, there was a balance of \$600,831 in the self-insurance account.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(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>2007</u>
Due in varying monthly installments, interests free, with maturities to 2026, including loans	\$ 1,060,475
Less current portion	<u>(55,994)</u>
	<u>\$ 1,004,481</u>

(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, 2007 is as follows:

	<u>Due from other Funds</u>	<u>Due to other Funds</u>	<u>Net Receivable (Payable)</u>
CDBG	\$ 404,754	\$ 585,297	\$ (180,543)
Low Income Housing	569,436	572,712	(3,276)
Section 8 Programs	-	2,019,903	(2,019,903)
Capital Fund Project	-	42,485	(42,485)
HOME	91,873	422,566	(330,693)
Non-Major Enterprise Funds	9,313	605,261	(595,948)
Other Enterprise Funds	<u>6,282,783</u>	<u>3,109,935</u>	<u>3,172,848</u>
Net Interfund balances	<u>\$ 7,358,159</u>	<u>\$ 7,358,159</u>	<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(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, 2007, the Authority had one hundred twenty-one (115) lots in its inventory with an estimated value of \$3,985,095.

(7) *Capital Assets*

A summary of changes in capital assets for the year ended September 30, 2007 is as follows:

	Balance 9/30/2006	Additions	Transfers Disposals	Balance 9/30/2007
Land	\$ 3,675,882	\$ -	\$ -	\$ 3,675,882
Structures	75,540,535	1,878,702	-	77,419,237
Furniture, Fixtures and Equipment	2,788,035	360,639	-	3,148,674
	82,004,452	2,239,341	-	84,243,793
Less: Accumulated depreciation	(49,013,566)	(2,476,546)	-	(51,490,112)
Net Capital Assets	\$ 32,990,886	\$ (237,205)	\$ -	\$ 32,753,681

	Balance 9/30/2005	Additions	Transfers Disposals	Balance 9/30/2007
Land	\$ 3,676,641	\$ -	\$ (759)	\$ 3,675,882
Structures	74,728,553	811,982	-	75,540,535
Furniture, Fixtures and Equipment	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	\$ 34,534,055	\$ (1,542,410)	\$ (759)	\$ 32,990,886

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(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)	\$ 1,517,799
Less current portion	<u>36,252</u>
Long-term portion of note payable	\$ <u>1,481,547</u>

Maturities of long-term debt are as follows:

Year ending September 30	Principal	Interest	Total Debt Service
2008	\$ 36,252	\$ 90,228	\$ 126,480
2009	38,000	88,480	126,480
2010	41,000	85,480	126,480
2011	43,000	83,480	126,480
2012	46,000	80,480	126,480
2013 through 2017	277,000	355,400	632,400
2018 through 2022	373,000	259,400	632,400
2023 through 2027	504,000	128,400	632,400
2028 through 2030	<u>159,547</u>	<u>6,329</u>	<u>165,876</u>
	\$ <u>1,517,799</u>	\$ <u>1,177,677</u>	\$ <u>2,695,476</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(9) *Noncurrent Liabilities*

Noncurrent liability activity at September 30, 2007 was as follows:

	Outstanding Balance 09/30/06	Increases	Decreases	Outstanding Balance 09/30/07	Current	Noncurrent
Note payable	\$ 1,552,356	\$ -	(\$ 34,557)	\$1,517,799	\$ 36,252	\$ 1,481,547
HUD settlement	-	1,255,432	-	1,255,432	1,113,520	141,912
Other liabilities	94,608	-	(94,608)	-	-	-
Compensated Absences	<u>376,451</u>	<u>216,025</u>	<u>(94,608)</u>	<u>497,868</u>	<u>224,970</u>	<u>272,898</u>
	<u>\$ 2,023,415</u>	<u>\$1,471,457</u>	<u>(\$ 223,773)</u>	<u>\$ 3,271,099</u>	<u>\$1,374,742</u>	<u>\$ 1,896,357</u>

	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 2007, the administrative fee was a fixed amount at approximately \$125,224 per month. The Authority earned an administrative fee totaling \$1,502,684 for the fiscal year ended September 30, 2007.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

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

Beginning with the fiscal year ended September 30, 2007, 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, 2007, the Authority's Section 8 HCV net assets were comprised as following:

	Balance at 9/30/06	Net Change	Balance at 9/30/07
Administrative Fee Equity:			
Invested in capital assets, net of related debt	\$ 134,966	\$ (3,749)	\$ 131,217
Unrestricted net assets	6,983,860	(6,111,478)	872,382
Total Administrative Fee Equity	7,118,826	(6,115,227)	1,003,599
HAP Equity:			
Restricted net assets	-	7,184,266	7,184,266
Total Housing Choice Voucher Equity	<u>\$7,118,826</u>	<u>\$1,069,039</u>	<u>\$ 8,187,865</u>

(12) *Commitments*

Housing Assistance Payments

At September 30, 2007, GHURA had approximately 2,548 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.

Community Development Block Grant

GHURA entered into a memorandum of agreement with the Government of Guam's Department of Public Health and Social Services effective January 25, 2006 to provide construction and procurement management and administration of the Northern Region Community Health Center (NRCHC) expansion and renovation project. The NRCHC is an eligible activity and meets the CDBG program's National Objectives pursuant to 24 CFR Part 570. GHURA has agreed to provide up to \$980,000 from its CDBG funds for payment of the architectural and engineering design and renovation, construction monitoring for the NRCHC construction and expansion project whose total estimated construction cost is \$960,000.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(12) *Commitments, continued*

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, 2007, \$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, 2007, are as follows:

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 3,127,718	\$ 2,640,731	\$ 486,987
CDBG Grants	<u>5,943,578</u>	<u>5,230,288</u>	<u>713,290</u>
	<u>\$ 9,071,296</u>	<u>\$ 7,871,019</u>	<u>\$ 1,200,277</u>

(13) *Employees Retirement Plan*

Employees of the Corporation 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.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(13) *Employees Retirement Plan, continued*

As a result of the most recent actuarial valuation performed as of September 30, 2005, 2004, 2003, the annual actuarially required contribution rates for the years ended September 30, 2007, 2006 and 2005, respectively, have been determined as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Normal Cost (as % of DB Plan payroll)	18.21%	17.83%	18.30%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal cost (% of DB Plan payroll)	<u>8.71%</u>	<u>8.33%</u>	<u>8.80%</u>
Employer portion of normal cost (% of total payroll)	6.81%	4.64%	4.96%
Unfunded liability costs, as % of total payroll	<u>20.67%</u>	<u>21.36%</u>	<u>19.93%</u>
Government contribution as % of DB Plan payroll	<u>27.48%</u>	<u>26.00%</u>	<u>24.89%</u>

The statutory contribution rates as a percent of the DB payroll is as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Employer rate	<u>22.94%</u>	<u>21.81%</u>	<u>20.81%</u>
Employee rate	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The plan utilized the actuarial cost method termed "entry age normal". Significant valuations assumptions for years ended September 30, 2005, 2004 and 2003 were as follows:

Interest rate and rate of return	7.0%
Payroll increases	3.5%
Salary increases	4.0% - 8.5%

The unfunded liability is being amortized as a level percentage of total payroll through May 1, 2031.

The actuarial valuations performed as of September 30, 2005, 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 Corporation as a separate sponsor, the accrued unfunded liability at September 30, 2007 and 2006 may be materially different than that recorded in the accompanying financial statements.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(13) *Employees Retirement Plan, continued*

Statutory employer contributions into the DCRS for the years ended September 30, 2007 and 2006 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, 2007, the retirement expense contribution was \$352,176 and \$450,718 for the DB and DCRS Plans, respectively.

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 except 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. 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. As of September 30, 2007, the Authority had deposited \$600,000 into the typhoon coverage escrow account.

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, 2007

(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, unlawful detainer complaints 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.

There are two outstanding cases for an adverse action appeal by the former employees against GHURA before the Guam Civil Service Commission (CSC) for suspension of employment for a short period of time. Legal counsel represents that these cases are not material pending or threatened litigation and will not rise to the amount of \$5,000. 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, 2007

(15) Contingencies, 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. A settlement was reached and GHURA has agreed to pay \$89,000 to the former employee and a provision has been made in the accompanying financial statements as a result of this claim.

(16) Lease Commitments

The Authority lease office space under an operating lease with original term of two (2) years expiring April 2010. 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>
2008	\$ 62,959
2009	62,959
2010	<u>20,986</u>
	<u>\$ 146,904</u>

Rent expense for the year ended September 30, 2007 was \$62,959 which was allocated between the CDBG, HOME, ESG and Capital Fund programs.

(17) 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 \$43.9 million to the Authority, which represents approximately 93% of the Authority's total revenues for the year ended September 30, 2007.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements September 30, 2007

(18) *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) 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. Subsequent to September 30, 2007, GHURA received official HUD notification that it had received a 72 percent passing score under the Public Housing Assessment System (PHAS) and is now considered a Standard performing PHA and no longer designated as a troubled agency. HUD will develop an Improvement Plan to ensure that certain targets and strategies significant to the mission of the public housing program will be completed by GHURA.

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 the 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.

On December 31, 2007, the Authority received official notification of a repayment agreement. Pursuant to the terms of the settlement agreement, the Authority paid \$1,000,000 initial payment on January 4, 2008 and is making required monthly payments of \$14,190 until the amount has been paid in full. The liability for the repayment is reflected as accounts payable to HUD in the accompanying financial statements for the Housing Assistance Payments program as follows:

Total HUD Settlement Due	\$1,255,432
Less current portion	<u>(1,113,520)</u>
	<u>\$ 141,912</u>

Maturities of the HUD settlement are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2008	\$1,113,520
2009	<u>141,912</u>
	<u>\$1,255,432</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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

Combining Statement of Net Assets
September 30, 2007

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	703,826	136,467	-	10,675	1,428	69,625	4,475	-	76,145	67,574	337,437
Due from other funds	404,754	-	404,754	-	-	-	-	-	-	-	-
Prepaid and other assets	823	-	-	-	-	-	598	-	192	-	33
Capital assets, net	42,438	-	-	-	-	-	-	-	-	19,699	22,739
Total Assets	\$ 1,151,841	\$ 136,467	\$ 404,754	\$ 10,675	\$ 1,428	\$ 69,625	\$ 5,073	\$ -	\$ 76,337	\$ 87,273	\$ 360,209

LIABILITIES AND NET ASSETS

Accounts payable:											
Due to other funds	\$ 585,297	\$ 136,467	\$ -	\$ 10,675	\$ 708	\$ 66,178	\$ 3,449	\$ (14,695)	\$ 64,361	\$ 25,886	\$ 292,268
Compensated absences - current	36,699	-	-	-	-	-	-	-	-	11,584	25,115
Deferred revenues	394,150	-	363,006	-	720	3,447	306	14,695	11,976	-	-
Other	43,066	-	41,748	-	-	-	1,318	-	-	-	-
Total current liabilities	1,059,212	136,467	404,754	10,675	1,428	69,625	5,073	-	76,337	37,470	317,383
Noncurrent liabilities:											
Compensated absences - noncurrent	25,522	-	-	-	-	-	-	-	-	15,307	10,215
Other noncurrent liabilities - sick leave	24,669	-	-	-	-	-	-	-	-	14,797	9,872
Total noncurrent liabilities	50,191	-	-	-	-	-	-	-	-	30,104	20,087
Total liabilities	1,109,403	136,467	404,754	10,675	1,428	69,625	5,073	-	76,337	67,574	337,470
Net Assets:											
Invested in capital assets, net of related debt	42,438	-	-	-	-	-	-	-	-	19,699	22,739
Restricted	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-
Total net assets	42,438	-	-	-	-	-	-	-	-	19,699	22,739
Total Liabilities and Net Assets	\$ 1,151,841	\$ 136,467	\$ 404,754	\$ 10,675	\$ 1,428	\$ 69,625	\$ 5,073	\$ -	\$ 76,337	\$ 87,273	\$ 360,209

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, 2007

	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
Revenues:										
Federal contributions	\$ 3,513,516	\$ -	\$ -	\$ -	\$ -	\$ 244,227	\$ 476,557	\$ 1,318,035	\$ 450,819	\$ 1,023,878
Other	2,296	-	-	-	-	1,795	-	-	50	451
Total Revenues	3,515,812	-	-	-	-	246,022	476,557	1,318,035	450,869	1,024,329
Operating expenses:										
Administrative salaries	359,208	-	-	-	-	(257)	67,020	129,135	91,396	71,914
Employee benefits	114,342	-	-	-	-	(70)	21,234	39,432	30,747	22,999
Repair and maintenance	2,504,316	-	-	-	-	237,451	388,303	1,127,812	182,275	568,475
Professional fees	5,831	-	-	-	-	-	-	-	1,002	4,829
Insurance	3,215	-	-	-	-	-	-	-	1,981	1,234
Utilities	1,687	-	-	-	-	-	-	-	220	1,467
Compensated absences	45,203	-	-	-	-	-	-	-	-	45,203
Protective services	334	-	-	-	-	-	-	-	28	306
Other	481,676	-	-	-	-	8,898	-	21,656	143,220	307,902
Total operating expenses	3,515,812	-	-	-	-	246,022	476,557	1,318,035	450,869	1,024,329
Operating income	-	-	-	-	-	-	-	-	-	-
Non-operating revenues (expenses):										
Interest income	-	-	-	-	-	-	-	-	-	-
Capital Grants	42,438	-	-	-	-	-	-	-	19,699	22,739
Interest expense	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	42,438	-	-	-	-	-	-	-	19,699	22,739
Change in net assets	42,438	-	-	-	-	-	-	-	19,699	22,739
Total net assets, beginning of year	-	-	-	-	-	-	-	-	-	-
Total net assets, end of year	\$ 42,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,699	\$ 22,739

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, 2007**

	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 flows from operating activities:										
Receipts from customers	\$ 3,555,954	\$ -	\$ -	\$ -	\$ -	\$ 244,227	\$ 476,557	\$ 1,318,035	\$ 470,518	\$ 1,046,617
Payments to suppliers	(2,997,059)	-	-	-	-	(246,349)	(388,303)	(1,149,468)	(328,726)	(884,213)
Payments to employees	(518,753)	-	-	-	-	327	(88,254)	(168,567)	(122,143)	(140,116)
Other receipts	2,296	-	-	-	-	1,795	-	-	50	451
Net cash provided by (used in) operating activities	42,438	-	-	-	-	-	-	-	19,699	22,739
Cash flows from capital and related financing activities:										
Acquisition of fixed assets	(42,438)	-	-	-	-	-	-	-	(19,699)	(22,739)
Net cash used in capital and related financing activities	(42,438)	-	-	-	-	-	-	-	(19,699)	(22,739)
Cash flows from investing activities:										
Increase in investments	-	-	-	-	-	-	-	-	-	-
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:										
Net income	\$ 42,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,699	\$ 22,739
Adjustments to reconcile net loss to net cash provided by (used) operating activities:										
(Increase) decrease in assets:										
Accounts receivable - HUD	(351,491)	-	-	-	-	415	4,222	(18,679)	(12)	(337,437)
Prepaid and other assets	1,955	-	-	-	-	-	-	-	1,988	(33)
Increase (decrease) in liabilities:										
Accounts payable - Due to other funds	305,618	-	-	-	1	(394)	(12,318)	20,094	5,967	292,268
Compensated absences	19,119	-	-	-	-	-	-	(1,415)	(14,796)	35,330
Accrued salaries and wages	(7,944)	-	-	-	-	-	-	-	(7,944)	-
Deferred revenues	15,000	-	-	-	(1)	306	14,695	-	-	-
Other liabilities	17,743	-	-	-	-	(327)	(6,599)	-	14,797	9,872
Net cash provided by operating activities	\$ 42,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,699	\$ 22,739

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, 2007

<u>ASSETS</u>	<u>Total</u>
Current assets:	
Cash:	
Cash - General Fund	\$ 249,635
Restricted Cash - FSS Escrow	94,905
Restricted Cash - other	646,640
Total cash	<u>991,180</u>
Accounts receivable:	
Tenants	65,374
Promissory notes	4,595
HUD	82,610
Due from other programs	569,436
Other	<u>30,582</u>
	752,597
Allowance for doubtful accounts	<u>(54,016)</u>
Total accounts receivable	<u>698,581</u>
Inventories	<u>125,464</u>
Investments:	
General fund	962,099
Security deposits	173,729
Total investments	<u>1,135,828</u>
Prepaid and other current assets	<u>338,815</u>
Total current assets	<u>3,289,868</u>
Noncurrent assets:	
Capital assets:	
Land	2,130,777
Buildings and improvements, at cost	61,332,729
Furniture and equipment, at cost	1,980,256
Accumulated depreciation	<u>(49,466,980)</u>
Net capital assets	<u>15,976,782</u>
Total assets	<u><u>\$ 19,266,650</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, 2007

<u>LIABILITIES AND NET ASSETS</u>	<u>Total</u>
Liabilities:	
Accounts payable:	
Trade	\$ 107,490
HUD	362,318
Tenant security deposits	165,769
Due to other funds	572,712
Compensated absences, current portion	92,941
Accrued liabilities	175,740
Total accounts payable	<u>1,476,970</u>
Deferred credits:	
Tenants prepaid rents	4,620
Other	-
Total deferred credits	<u>4,620</u>
Total current liabilities	<u>1,481,590</u>
Noncurrent liabilities:	
Compensated absences, net of current portion	56,146
Other - sick leave, net of current portion	53,258
Total noncurrent liabilities	<u>109,404</u>
Total liabilities	<u>1,590,994</u>
Net assets:	
Invested in capital assets, net of related debt	15,976,782
Restricted	646,640
Unrestricted	1,052,234
Total net assets	<u>17,675,656</u>
Total liabilities and net assets	<u>\$ 19,266,650</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, 2007

	<u>Total</u>
Operating revenues:	
Tenant rental income	\$ 248,986
HUD PHA Operating Grants	3,386,508
Other income	39,841
Total operating revenues	<u>3,675,335</u>
Operating expenses:	
Depreciation	2,288,213
Administrative salaries	793,878
Ordinary maintenance - salaries	433,057
Tenant services - salaries	293,504
Other administrative expenses	278,573
Ordinary repairs and maintenance	268,313
Employee benefits - administrative	234,674
Insurance	184,068
Utilities	141,088
Employee benefits - ordinary maintenance	125,476
Employee benefits - tenant services	89,081
Legal and professional fees	80,361
Protective services	55,494
Travel	13,083
Compensated absences	(17,716)
Bad debts recoveries	(10,161)
Total operating expenses	<u>5,250,986</u>
Operating loss	(1,575,651)
Non-operating revenues:	
Interest on general fund investments	44,438
Interest on restricted investments	10,330
Other income	5,329
Total non-operating revenues	<u>60,097</u>
Net loss	(1,515,554)
Total net assets, beginning of year	<u>19,191,210</u>
Total net assets, end of year	<u>\$ 17,675,656</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, 2007

	<u>Total</u>
Cash flows from operating activities:	
Receipts from customers	\$ 3,348,088
Payments to suppliers	(1,020,980)
Payments to employees	(1,951,954)
Other cash receipts	60,097
Net cash provided by operating activities	<u>435,251</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	<u>(125,110)</u>
Net cash used in capital and related financing activities	<u>(125,110)</u>
Cash flows from investing activities:	
Investment in time certificate of deposit	<u>(47,801)</u>
Net cash used in investing activities	<u>(47,801)</u>
Net increase in cash and cash equivalents	262,340
Cash and cash equivalents at beginning of year	<u>728,840</u>
Cash and cash equivalents at end of year	<u>\$ 991,180</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Net operating loss	\$ (1,515,554)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	2,288,213
Bad debts	(10,161)
(Increase) decrease in assets:	
Accounts receivable:	
Tenants	27,717
Promissory notes	(631)
Due from other funds	(30,524)
Inventories	34,751
Prepaid and other assets	13,189
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	2,345
Due to other funds	(250,840)
Compensated absences	(17,716)
Others	(179,756)
Security deposits	8,131
Accrued liabilities	69,600
Deferred credits	(3,513)
Net cash provided by operating activities	<u>\$ 435,251</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, 2007

		Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Assets		Total			
Current assets:					
Cash:					
Unrestricted	\$ 3,945,164	\$ -	\$ -	\$ -	\$ 3,945,164
Restricted - HAP	7,184,266	-	-	-	7,184,266
Restricted - FSS escrow account	642,859	-	-	-	642,859
Total cash	11,772,289	-	-	-	11,772,289
Accounts receivable:					
HUD	1,214	-	-	-	1,214
Due from other funds	-	-	-	-	-
Other	113,783	-	16,850	(11,477)	108,410
Total accounts receivable	114,997	-	16,850	(11,477)	109,624
Prepaid expenses and other assets	6,061	-	-	-	6,061
Investments:					
Unrestricted	64,377	-	64,377	-	-
Restricted reserve fund	209,423	-	206,932	-	2,491
Total investments	273,800	-	271,309	-	2,491
Total current assets	12,167,147	-	288,159	(11,477)	11,890,465
Noncurrent assets:					
Capital Assets:					
Land, structures, and equipment	528,960	-	-	-	528,960
Accumulated depreciation	(397,743)	-	-	-	(397,743)
Total capital assets, net	131,217	-	-	-	131,217
Deferred assets	37,056	-	-	-	37,056
Total noncurrent assets	168,273	-	-	-	168,273
Total assets	\$ 12,335,420	\$ -	\$ 288,159	\$ (11,477)	\$ 12,058,738
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable:					
HUD settlement - current portion	\$ 1,113,520	\$ -	\$ -	\$ -	\$ 1,113,520
HUD	405,634	-	-	-	405,634
Accounts payable	51,754	-	-	-	51,754
Accrued salaries and wages	594	-	-	-	594
Due to other funds	2,019,903	-	(91,010)	(33,368)	2,144,281
Compensated absences, current portion	69,981	-	-	-	69,981
Other current liabilities	261,235	-	-	-	261,235
Total current liabilities	3,922,621	-	(91,010)	(33,368)	4,046,999
Noncurrent Liabilities:					
HUD settlement - net of current portion	141,912	-	-	-	141,912
Compensated absences, net of current portion	46,476	-	-	-	46,476
Other liabilities - sick leave	36,546	-	-	-	36,546
Total noncurrent liabilities	224,934	-	-	-	224,934
Total Liabilities	4,147,555	-	(91,010)	(33,368)	4,271,933
Net Assets:					
Invested in capital assets, net of related debt	131,217	-	-	-	131,217
Restricted	7,184,266	-	-	-	7,184,266
Unrestricted	872,382	-	379,169	21,891	471,322
Total Net Assets	8,187,865	-	379,169	21,891	7,786,805
Total Liabilities and Net Assets	\$ 12,335,420	\$ -	\$ 288,159	\$ (11,477)	\$ 12,058,738

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, 2007

	Contract No. SP-462				
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Operating revenues:					
HUD PHA Operating Grants	\$ 31,091,670	\$ -	\$ -	\$ -	\$ 31,091,670
Other income	-	-	-	-	-
Total operating revenues	31,091,670	-	-	-	31,091,670
Operating expenses:					
Housing assistance payments	28,352,405	-	-	-	28,352,405
Administrative salaries	1,149,244	-	-	-	1,149,244
Employee benefit contribution	351,269	-	-	-	351,269
Other administrative expenses	140,283	-	-	-	140,283
Professional fees	120,732	-	-	-	120,732
Depreciation	49,632	-	-	-	49,632
Travel	19,526	-	-	-	19,526
Utilities	18,023	-	-	-	18,023
Insurance	8,966	-	-	-	8,966
Compensated absences	5,377	-	-	-	5,377
Total operating expenses	30,215,457	-	-	-	30,215,457
Operating income	876,213	-	-	-	876,213
Non-operating revenues:					
Interest on operating reserve investments	19,753	-	3,760	-	15,993
Interest on general fund investments	141,407	-	7,600	-	133,807
Other income	31,666	-	-	-	31,666
Total non-operating revenues	192,826	-	11,360	-	181,466
Net income	1,069,039	-	11,360	-	1,057,679
Total net assets, beginning of year	7,118,826	-	367,809	21,891	6,729,126
Total net assets, end of year	\$ 8,187,865	\$ -	\$ 379,169	\$ 21,891	\$ 7,786,805

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, 2007

	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	\$ 31,091,670	\$ -	\$ -	\$ -
Payments to suppliers	(28,659,935)	-	-	-
Payments to employees	(1,505,890)	-	-	-
Other cash receipts (payments)	280,086	-	11,360	-
Net cash provided by (used in) operating activities	1,205,931	-	11,360	-
Cash flows from capital and related financing activities:				
Fixed asset acquisitions	(45,885)	-	-	-
Net cash flows used for capital and related financing activities	(45,885)	-	-	-
Cash flows from investing activities:				
Decrease (increase) in investments	(2,696)	-	(2,696)	-
Increase in restricted assets	(8,768)	-	(8,664)	-
Net cash provided by (used in) investing activities	(11,464)	-	(11,360)	-
Net decrease in cash and cash equivalents	1,148,582	-	-	-
Cash and cash equivalents at beginning of year	10,623,707	-	-	-
Cash and cash equivalents at end of year	\$ 11,772,289	\$ -	\$ -	\$ -
Cash, including time deposits	\$ 3,945,164	-	-	-
Restricted cash, including time deposits	7,827,125	-	-	-
Total cash and cash equivalents at end of year	\$ 11,772,289	\$ -	\$ -	\$ -

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, 2007

	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	\$ 1,069,039	\$ -	\$ 11,360	\$ -	\$ 1,057,679
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	49,632	-	-	-	49,632
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	55,646	-	91,010	33,368	(68,732)
Other	(3,731)	-	-	-	(3,731)
Prepaid expenses and other assets	3,828	-	-	-	3,828
Increase (decrease) in liabilities:					
Accounts payable:					
Accrued salaries and wages	(55,115)	-	-	-	(55,115)
Compensated absences and sick leave	5,376	-	-	-	5,376
Due to other funds	33,126	-	(91,010)	(33,368)	157,504
Other current liabilities	-	-	-	-	-
Other current liabilities	48,130	-	-	-	48,130
Net cash provided by operating activities	\$ 1,205,931	\$ -	\$ 11,360	\$ -	\$ 1,194,571

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 Statements of Net Assets

September 30, 2007

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	M-06-ST- 66-0202
Cash	\$ 10,254	\$ -	\$ -	\$ -	\$ 10,254	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:									
HUD	304,708	-	-	31,305	70,973	8,540	99,370	94,520	-
Due from other funds	91,873	-	58,313	-	33,560	-	-	-	-
Prepaid and other assets	113,852	9,030	3,741	234	100,772	75	-	-	-
Capital assets, net	21,222	-	-	-	15,574	-	-	5,648	-
Total	\$ 541,909	\$ 9,030	\$ 62,054	\$ 31,539	\$ 231,133	\$ 8,615	\$ 99,370	\$ 100,168	\$ -

LIABILITIES AND NET ASSETS

Current liabilities:									
Vendors	\$ 8,250	\$ -	\$ -	\$ -	\$ 8,250	\$ -	\$ -	\$ -	\$ -
Due to other funds	422,566	8,372	-	31,464	207,308	3,361	82,479	89,582	-
Compensated absences - current	11,273	-	-	-	-	-	6,335	4,938	-
Other	495	495	-	-	-	-	-	-	-
Deferred revenues	67,547	163	62,054	75	1	5,254	-	-	-
Total current liabilities	510,131	9,030	62,054	31,539	215,559	8,615	88,814	94,520	-
Noncurrent liabilities:									
Compensated absences -noncurrent	7,572	-	-	-	-	-	7,572	-	-
Other	2,984	-	-	-	-	-	2,984	-	-
Total noncurrent liabilities	10,556	-	-	-	-	-	10,556	-	-
Total liabilities	520,687	9,030	62,054	31,539	215,559	8,615	99,370	94,520	-
Net assets:									
Invested in capital, net of related debt	21,222	-	-	-	15,574	-	-	5,648	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-
Total net assets	21,222	-	-	-	15,574	-	-	5,648	-
Total	\$ 541,909	\$ 9,030	\$ 62,054	\$ 31,539	\$ 231,133	\$ 8,615	\$ 99,370	\$ 100,168	\$ -

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 Statements of Revenues, Expenses and Changes in Net Assets Year Ended September 30, 2007

	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	M-06-ST- 60202
Revenues:								
PHA Operating grants	\$ 2,791,066	\$ -	\$ -	\$ 743,832	\$ 11,340	\$ 820,188	\$ 585,545	\$ 630,161
Other	1,146,906	-	-	1,143,160	3,746	-	-	-
Total Revenues	3,937,972	-	-	1,886,992	15,086	820,188	585,545	630,161
Operating expenses:								
Administrative salaries	274,765	-	-	159,246	10,458	81,261	23,800	-
Employee benefits	76,411	-	-	46,393	2,961	20,965	6,092	-
Repair and maintenance	2,376,870	-	-	795,681	-	683,379	267,649	630,161
Insurance	1,878	-	-	1,053	-	825	-	-
Compensated absences	(778)	-	-	-	-	(5,716)	4,938	-
Utilities	1,060	-	-	408	-	652	-	-
Professional fees	9,078	-	-	3,059	-	6,019	-	-
Other	1,198,688	-	-	881,152	1,667	32,803	283,066	-
Total operating expenses	3,937,972	-	-	1,886,992	15,086	820,188	585,545	630,161
Operating income	-	-	-	-	-	-	-	-
Non-operating revenues:								
Capital grants	21,222	-	-	15,574	-	-	5,648	-
Total non-operating revenues	21,222	-	-	15,574	-	-	5,648	-
Change in net assets	21,222	-	-	15,574	-	-	5,648	-
Total net assets, beginning of year	-	-	-	-	-	-	-	-
Total net assets, end of year	\$ 21,222	\$ -	\$ -	\$ 15,574	\$ -	\$ -	\$ 5,648	\$ -

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 Statements of Cash Flows
Year Ended September 30, 2007

	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	M-06-ST- 66-0202
Cash flows from operating activities:									
Receipts from customers	\$ 2,182,127	\$ -	\$ -	\$ -	\$ 759,406	\$ 11,340	\$ 820,188	\$ 591,193	\$ 630,161
Payments to suppliers	(3,741,554)	-	-	-	(2,465,494)	(1,667)	(723,678)	(550,715)	(630,161)
Payments to employees	(350,398)	-	-	-	(205,639)	(13,419)	(96,510)	(34,830)	-
Other receipts (payments)	1,146,906	-	-	-	1,143,160	3,746	-	-	-
Net cash provided by (used in) operating activities	(762,919)	-	-	-	(768,567)	-	-	5,648	-
Cash flows from investing activities:									
Acquisition of fixed assets	(21,222)	-	-	-	(15,574)	-	-	(5,648)	-
Net cash used in investing activities	(21,222)	-	-	-	(15,574)	-	-	(5,648)	-
Cash flows from capital and related financing activities:									
Transfers from fund balance	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	-	-	-	-
Net decrease in cash and cash equivalents	(784,141)	-	-	-	(784,141)	-	-	-	-
Cash and cash equivalents at beginning year	794,395	-	-	-	794,395	-	-	-	-
Cash and cash equivalents at end of year	\$ 10,254	\$ -	\$ -	\$ -	\$ 10,254	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by (used in) operating activities:									
Net income	\$ 21,222	\$ -	\$ -	\$ -	\$ 15,574	\$ -	\$ -	\$ 5,648	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:									
Depreciation	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:									
Accounts receivable - HUD	(35,388)	-	-	-	14,433	-	(49,821)	-	-
Accounts receivable - Due from other funds	(124,822)	-	-	-	(30,302)	-	-	(94,520)	-
Prepaid and other assets	(99,369)	-	-	-	(100,772)	-	1,403	-	-
Increase (decrease) in liabilities:									
Accounts payable - Vendors	100	-	-	-	100	-	-	-	-
Compensated absences	(3,762)	-	-	-	-	-	(8,700)	4,938	-
Accounts payable - Due to other funds	202,661	-	-	-	61,920	(5,254)	56,314	89,681	-
Deferred revenues	(708,878)	-	-	-	(714,033)	5,254	-	(99)	-
Other liabilities	(14,683)	-	-	-	(15,487)	-	804	-	-
Net cash provided by (used in) operating activities	\$ (762,919)	\$ -	\$ -	\$ -	\$ (768,567)	\$ -	\$ -	\$ 5,648	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM

CFDA NO. 14.872

Combining Statements of Net Assets
September 30, 2007

ASSETS	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ8P001501-06
Current assets:										
Cash:										
Cash - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash - other	-	-	-	-	-	-	-	-	-	-
Total cash	-	-	-	-	-	-	-	-	-	-
Accounts receivable:										
HUD	149,036	-	-	-	-	-	8,711	85,109	-	55,216
Due from other programs	-	-	-	-	-	-	-	-	-	-
Allowance for doubtful accounts	149,036	-	-	-	-	-	8,711	85,109	-	55,216
Total accounts receivable	149,036	-	-	-	-	-	8,711	85,109	-	55,216
Inventories	-	-	-	-	-	-	-	-	-	-
Investments:										
General fund	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	15,388	-	14,863	-	-	525	-	-	-	-
Total current assets	164,424	-	14,863	-	-	525	8,711	85,109	-	55,216
Noncurrent assets:										
Capital Assets:										
Land, structures and equipment, at cost	14,005,792	6,114,249	1,491,224	1,397,655	1,268,924	907,722	1,121,733	1,465,921	144,922	93,442
Accumulated depreciation	(72,278)	-	(14,452)	(42,041)	(8,937)	(6,618)	(230)	-	-	-
Net capital assets	13,933,514	6,114,249	1,476,772	1,355,614	1,259,987	901,104	1,121,503	1,465,921	144,922	93,442
Other assets	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	13,933,514	6,114,249	1,476,772	1,355,614	1,259,987	901,104	1,121,503	1,465,921	144,922	93,442
Total assets	\$14,097,938	\$ 6,114,249	\$ 1,491,635	\$ 1,355,614	\$ 1,259,987	\$ 901,629	\$ 1,130,214	\$ 1,551,030	\$ 144,922	\$ 148,658

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM
CFDA NO. 14.872

Combining Statements of Net Assets, Continued
September 30, 2007

LIABILITIES AND NET ASSETS	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06
Liabilities:										
Accounts payable:										
Due to other funds	\$ 42,485	\$ -	\$ 14,423	\$ -	\$ (16,783)	\$ (63,131)	\$ (13,717)	\$ 66,897	\$ (420)	\$ 55,216
Compensated absences, current portion	6,463	-	-	-	-	-	-	6,463	-	-
Accrued liabilities	25	-	-	-	25	-	-	-	-	-
Total accounts payable	<u>48,973</u>	<u>-</u>	<u>14,423</u>	<u>-</u>	<u>(16,758)</u>	<u>(63,131)</u>	<u>(13,717)</u>	<u>73,360</u>	<u>(420)</u>	<u>55,216</u>
Deferred credits:										
Deferred revenue	103,702	-	440	-	16,758	63,656	22,428	-	420	-
Total deferred credits	<u>103,702</u>	<u>-</u>	<u>440</u>	<u>-</u>	<u>16,758</u>	<u>63,656</u>	<u>22,428</u>	<u>-</u>	<u>420</u>	<u>-</u>
Total current liabilities	<u>152,675</u>	<u>-</u>	<u>14,863</u>	<u>-</u>	<u>-</u>	<u>525</u>	<u>8,711</u>	<u>73,360</u>	<u>-</u>	<u>55,216</u>
Noncurrent liabilities:										
Compensated absences, net of current portion	4,750	-	-	-	-	-	-	4,750	-	-
Other liabilities	6,999	-	-	-	-	-	-	6,999	-	-
Total noncurrent liabilities	<u>11,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,749</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>164,424</u>	<u>-</u>	<u>14,863</u>	<u>-</u>	<u>-</u>	<u>525</u>	<u>8,711</u>	<u>85,109</u>	<u>-</u>	<u>55,216</u>
Net Assets:										
Invested in capital assets, net of related debt	13,933,514	6,114,249	1,476,772	1,355,614	1,259,987	901,104	1,121,503	1,465,921	144,922	93,442
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total net assets	<u>13,933,514</u>	<u>6,114,249</u>	<u>1,476,772</u>	<u>1,355,614</u>	<u>1,259,987</u>	<u>901,104</u>	<u>1,121,503</u>	<u>1,465,921</u>	<u>144,922</u>	<u>93,442</u>
Total liabilities and net assets	<u>\$ 14,097,938</u>	<u>\$ 6,114,249</u>	<u>\$ 1,491,635</u>	<u>\$ 1,355,614</u>	<u>\$ 1,259,987</u>	<u>\$ 901,629</u>	<u>\$ 1,130,214</u>	<u>\$ 1,551,030</u>	<u>\$ 144,922</u>	<u>\$ 148,658</u>

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

GUAMI HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM
CFDA NO. 14.872

Combining Statements of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2007

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06
Operating revenues:										
HUD PHA Grants	\$ 361,440	\$ -	\$ -	\$ -	\$ -	\$ 12,296	\$ 33,425	\$ 272,837	\$ -	\$ 42,882
Program income	1,600	-	-	-	-	-	-	1,600	-	-
Total operating revenues	<u>363,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,296</u>	<u>33,425</u>	<u>274,437</u>	<u>-</u>	<u>42,882</u>
Operating expenses:										
Depreciation	20,698	-	3,613	11,912	2,831	2,342	-	-	-	-
Salaries and wages	133,220	-	-	-	-	9,598	18,399	90,882	-	14,341
Compensated absences	(10,134)	-	-	-	-	-	-	(10,134)	-	-
Insurance	463	-	-	-	-	190	273	-	-	-
Administrative expenses	138,096	-	-	-	-	85	10,059	127,952	-	-
Other miscellaneous expenses	60,924	-	-	-	-	-	-	37,390	-	23,534
Employee benefits	40,471	-	-	-	-	2,423	4,694	28,347	-	5,007
Total operating expenses	<u>383,738</u>	<u>-</u>	<u>3,613</u>	<u>11,912</u>	<u>2,831</u>	<u>14,638</u>	<u>33,425</u>	<u>274,437</u>	<u>-</u>	<u>42,882</u>
Operating loss	(20,698)	-	(3,613)	(11,912)	(2,831)	(2,342)	-	-	-	-
Non-operating revenues:										
Capital grants	1,926,521	-	-	-	-	-	237,544	1,450,613	144,922	93,442
Other income	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues	<u>1,926,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,544</u>	<u>1,450,613</u>	<u>144,922</u>	<u>93,442</u>
Income (loss) before adjustments and transfers	<u>1,905,823</u>	<u>-</u>	<u>(3,613)</u>	<u>(11,912)</u>	<u>(2,831)</u>	<u>(2,342)</u>	<u>237,544</u>	<u>1,450,613</u>	<u>144,922</u>	<u>93,442</u>
Adjustments and transfers										
Change in net assets	1,905,823	-	(3,613)	(11,912)	(2,831)	(2,342)	237,544	1,450,613	144,922	93,442
Total net assets, beginning of year	12,027,691	6,114,249	1,480,385	1,367,526	1,262,818	903,446	883,959	15,308	-	-
Total net assets, end of year	<u>\$ 13,933,514</u>	<u>\$ 6,114,249</u>	<u>\$ 1,476,772</u>	<u>\$ 1,355,614</u>	<u>\$ 1,259,987</u>	<u>\$ 901,104</u>	<u>\$ 1,121,503</u>	<u>\$ 1,465,921</u>	<u>\$ 144,922</u>	<u>\$ 93,442</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM

CFDA No. 14.872

Combining Statements of Cash Flows
Year Ended September 30, 2007

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08R001501-06
Cash flows from operating activities:										
Receipts from customers	\$ 363,040	\$ -	\$ -	\$ -	\$ -	\$ 12,296	\$ 33,425	\$ 274,437	\$ -	\$ 42,882
Payments to suppliers	(199,483)	-	-	-	-	(275)	(10,332)	(165,342)	-	(23,534)
Payments to employees	(163,557)	-	-	-	-	(12,021)	(23,093)	(109,095)	-	(19,348)
Other cash receipts (payments)	1,926,521	-	-	-	-	-	237,544	1,450,613	144,922	93,442
Net cash provided by operating activities	1,926,521	-	-	-	-	-	237,544	1,450,613	144,922	93,442
Cash flows from capital and related financing activities:										
Acquisition of fixed assets	(1,926,521)	-	-	-	-	-	(237,544)	(1,450,613)	(144,922)	(93,442)
Net cash provided by investing activities	(1,926,521)	-	-	-	-	-	(237,544)	(1,450,613)	(144,922)	(93,442)
Cash flows from investing activities:										
Investment in time certificate of deposit	-	-	-	-	-	-	-	-	-	-
Net cash used for 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 (used in) by operating activities:										
Net operating income	1,905,823	\$ -	\$ (3,613)	\$ (11,912)	\$ (2,831)	\$ (2,342)	\$ 237,544	\$ 1,450,613	\$ 144,922	\$ 93,442
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:										
Depreciation	20,698	-	3,613	11,912	2,831	2,342	-	-	-	-
(Increase) decrease in assets:										
Accounts receivable - HUD	(21,651)	-	-	-	-	-	72,005	(38,440)	-	(55,216)
Prepaid assets	463	-	-	-	-	190	273	-	-	-
Increase (decrease) in liabilities:										
Due to other funds	(43,585)	-	-	-	-	(61,770)	(85,605)	48,574	-	55,216
Compensated absences	(10,134)	-	-	-	-	-	-	(10,134)	-	-
Accrued liabilities	(9,101)	-	-	-	-	-	(9,101)	-	-	-
Deferred credits	84,008	-	-	-	-	61,580	22,428	-	-	-
Net cash provided by operating activities	\$ 1,926,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,544	\$ 1,450,613	\$ 144,922	\$ 93,442

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Non-Major Enterprise Funds

Combining Statements of Net Assets
September 30, 2007

ASSETS		Resident							Health Care
		Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Opportunity and Supportive Services Program	Emergency Shelter Grants Program	Compact Impact Grant Funds	and Other Facilities Grant Program	
Current assets:									
Cash									
Unrestricted	\$ 195,937	\$ 195,937	\$ -	\$ -	\$ -	\$ -	\$ -	-	
Restricted	190,264	190,264	-	-	-	-	-	-	
Security deposit	14,088	14,088	-	-	-	-	-	-	
Total cash	400,289	400,289	-	-	-	-	-	-	
Accounts receivable:									
Tenants	21,548	21,548	-	-	-	-	-	-	
Due from other funds	9,313	344	-	4,118	4,851	-	-	-	
HUD	246,090	170,348	28,244	2,588	44,910	-	-	-	
Government of Guam	234,456	-	-	-	-	-	234,456	-	
Other	20,258	20,258	-	-	-	-	-	-	
Total accounts receivable	531,665	212,498	28,244	2,588	4,118	49,761	234,456	-	
Investments:									
Unrestricted	-	-	-	-	-	-	-	-	
Restricted/reserved by fiscal agent	193,483	193,483	-	-	-	-	-	-	
Total investments	193,483	193,483	-	-	-	-	-	-	
Prepaid and other assets	12,713	8,047	-	-	4,198	468	-	-	
Inventories	6,733	6,733	-	-	-	-	-	-	
Total current assets	1,144,883	821,050	28,244	2,588	8,316	50,229	234,456	-	
Noncurrent assets:									
Capital assets, net	2,266,274	2,266,274	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	
Total non-current assets	2,266,274	2,266,274	-	-	-	-	-	-	
Total assets	\$ 3,411,157	\$ 3,087,324	\$ 28,244	\$ 2,588	\$ 8,316	\$ 50,229	\$ 234,456	\$ -	

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds Combining Statements of Net Assets, Continued September 30, 2007

LIABILITIES AND NET ASSETS	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Resident Opportunity and Supportive Services Program	Emergency Shelter Grants Program	Compact Impact Grant Funds	Health Care and Other Facilities Grant Program
Liabilities:								
Accounts payable:	\$ 36,252	\$ 36,252	-	-	-	-	-	-
Current portion of long-term debt	237,667	3,211	-	-	-	-	234,456	-
Vendors and contractors	7,613	7,613	-	-	-	-	-	-
Current portion of compensated absences	605,261	534,268	24,599	1,484	-	44,910	-	-
Due to other funds	15,008	15,008	-	-	-	-	-	-
Security Deposits	2,482	2,482	-	-	-	-	-	-
Accounts payable other	18,384	-	3,645	1,104	8,316	5,319	-	-
Deferred revenues	3,458	3,458	-	-	-	-	-	-
Accrued liabilities - other								
Total current liabilities	926,125	602,292	28,244	2,588	8,316	50,229	234,456	-
Noncurrent liabilities:								
Long-term portion of notes payable	1,481,547	1,481,547	-	-	-	-	-	-
Accrued compensated absences	7,976	7,976	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total noncurrent liabilities	1,489,523	1,489,523	-	-	-	-	-	-
Total liabilities	2,415,648	2,091,815	28,244	2,588	8,316	50,229	234,456	-
Net assets:								
Invested capital assets, net of related debt	748,475	748,475	-	-	-	-	-	-
Restricted	383,747	383,747	-	-	-	-	-	-
Unrestricted	(136,713)	(136,713)	-	-	-	-	-	-
Total net assets	995,509	995,509	-	-	-	-	-	-
Total liabilities and net assets	\$ 3,411,157	\$ 3,087,324	\$ 28,244	\$ 2,588	\$ 8,316	\$ 50,229	\$ 234,456	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds Combining Statements of Revenues, Expenses and Changes in Net Assets Year Ended September 30, 2007

	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Resident Opportunity and Supportive Services Program	Emergency Shelter Grant Program	Compact Impact Grant Funds	Health Care and Other Facilities Grant Program
Operating revenues:								
Tenant rental income	\$ 76,649	\$ 76,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HUD PHA Operating Grants	839,858	389,674	197,669	141,787	-	110,728	-	-
Other Federal Grants	1,538,540	-	-	-	-	-	1,145,714	392,826
Total operating revenues	2,455,047	466,323	197,669	141,787	-	110,728	1,145,714	392,826
Operating expenses:								
Salaries and wages	129,740	122,156	-	4,983	-	2,601	-	-
Employee benefits	41,058	38,727	-	1,462	-	869	-	-
Utilities	76,660	76,660	-	-	-	-	-	-
Insurance	19,393	19,393	-	-	-	-	-	-
Repairs and maintenance	396,382	3,556	-	-	-	-	-	392,826
Depreciation	76,649	76,649	-	-	-	-	-	-
Professional fees	7,110	7,110	-	-	-	-	-	-
Protective services	519	519	-	-	-	-	-	-
Other	1,606,359	20,376	197,669	135,342	-	107,258	1,145,714	-
Total operating expenses	2,353,870	365,146	197,669	141,787	-	110,728	1,145,714	392,826
Operating income	101,177	101,177	-	-	-	-	-	-
Non-operating revenues (expenses):								
Interest income on unrestricted investments	8,571	8,571	-	-	-	-	-	-
Interest income on restricted investments	951	951	-	-	-	-	-	-
Other income	2,247	2,247	-	-	-	-	-	-
Interest expense	(91,923)	(91,923)	-	-	-	-	-	-
Total non-operating revenues (expenses), net	(80,154)	(80,154)	-	-	-	-	-	-
Net income	21,023	21,023	-	-	-	-	-	-
Total net assets at beginning of year	974,486	974,486	-	-	-	-	-	-
Total net assets at end of year	\$ 995,509	\$ 995,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds
Combining Statements of Cash Flows
Year Ended September 30, 2007

		Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Resident Opportunity and Supportive Services Program	Emergency Shelter Grant Program	Compact Impact Grant Funds	Health Care and Other Facilities Grant Program
Cash flows from operating activities:	TOTAL							
Receipts from customers	\$ 2,052,658	\$ 63,934	\$ 197,669	\$ 141,787	\$ -	\$ 110,728	\$ 1,145,714	\$ 392,826
Payments to suppliers	(2,106,423)	(127,614)	(197,669)	(135,342)	-	(107,258)	(1,145,714)	(392,826)
Payments to employees	(170,798)	(160,883)	-	(6,445)	-	(3,470)	-	-
Other cash receipts	375,934	375,934	-	-	-	-	-	-
Net cash provided by operating activities	151,371	151,371	-	-	-	-	-	-
Cash flows from capital and related financing activities:								
Acquisition of fixed assets	(41,373)	(41,373)	-	-	-	-	-	-
Net cash flows used for capital and related financing activities	(41,373)	(41,373)	-	-	-	-	-	-
Cash flows from investing activities:								
Repayment of notes payable	(34,557)	(34,557)	-	-	-	-	-	-
Increase in investments	(8,101)	(8,101)	-	-	-	-	-	-
Net cash used in investing activities	(42,658)	(42,658)	-	-	-	-	-	-
Net increase in cash and cash equivalents	67,340	67,340	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	332,949	332,949	-	-	-	-	-	-
Cash and cash equivalents at end of year	400,289	400,289	-	-	-	-	-	-
Reconciliation of net income to net cash provided by (used in) operating activities:								
Net income	\$ 21,023	\$ 21,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation	76,649	76,649	-	-	-	-	-	-
(Increase) decrease in assets:								
Accounts receivable:								
Due from other funds	95,497	-	91,872	-	4,198	(573)	-	-
HUD	(15,296)	-	16,216	12,805	-	(44,317)	-	-
Tenants	(12,715)	(12,715)	-	-	-	-	-	-
Others	(234,442)	(1)	-	-	-	15	(234,456)	-
Inventories	(6,733)	(6,733)	-	-	-	-	-	-
Prepaid and other assets	5,891	5,891	-	-	-	-	-	-
Increase (decrease) in liabilities:								
Due to other funds	(1,760)	66,848	(108,216)	(1,104)	(4,198)	44,910	-	-
Vendors and contractors:	234,563	107	-	-	-	-	234,456	-
HUD	(12,805)	-	-	(12,805)	-	-	-	-
Accrued salaries and wages	(6,490)	(6,149)	-	-	-	(341)	-	-
Deposits	1,593	1,593	-	-	-	-	-	-
Compensated absences	9,423	9,423	-	-	-	-	-	-
Deferred revenues	1,410	-	-	1,104	-	306	-	-
Other	(4,437)	(4,565)	128	-	-	-	-	-
Net cash provided by operating activities	\$ 151,371	\$ 151,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPORTIVE HOUSING FOR THE ELDERLY

CFDA NO. 14.157

Statement of Net Assets

September 30, 2007

ASSETS

Current assets:

Cash:

Unrestricted	\$ 195,937
Restricted	190,264
Security deposits	14,088
Total cash	<u>400,289</u>

Accounts receivable:

HUD	170,348
Due from other funds	344
Tenants	21,548
Other	20,258
Total accounts receivable	<u>212,498</u>

Restricted investments

193,483

Inventories

6,733

Prepaid and other current assets

8,047

Total current assets

821,050

Noncurrent assets:

Capital assets:

Land	1,380,000
Buildings	2,237,151
Furniture and equipment	107,406
Accumulated depreciation	(1,458,283)
Capital assets, net	<u>2,266,274</u>

Total Assets

\$ 3,087,324

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Current portion of long-term debt	\$ 36,252
Vendors	3,211
Due to other funds	534,268
Security deposits	15,008
Other payables	2,482
Compensated absences - current portion	7,613
Accrued liabilities - other	3,458
Total current liabilities	<u>602,292</u>

Noncurrent liabilities:

Long-term debt, net of current portion	1,481,547
Compensated absences	7,976
Total noncurrent liabilities	<u>1,489,523</u>
Total liabilities	<u>2,091,815</u>

Net assets:

Invested capital assets, net of related debt	748,475
Restricted	383,747
Unrestricted	(136,713)
Total net assets	<u>995,509</u>

Total Liabilities and Net Assets

\$ 3,087,324

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, 2007

Operating revenues:	
Tenant income	\$ 76,649
HUD PHA grants	389,674
Total operating revenues	<u>466,323</u>
Operating expenses:	
Administrative salaries	97,769
Utilities	76,660
Depreciation	76,649
Employee benefits - administrative	32,194
Maintenance salaries	24,387
Insurance	19,393
Legal and professional fees	7,110
Employee benefits - maintenance	6,533
Repairs and maintenance	3,556
Protective services	519
Miscellaneous	20,376
Total operating expenses	<u>365,146</u>
Operating income	<u>101,177</u>
Non-operating revenues (expenses):	
Interest income on unrestricted investments	8,571
Interest income on restricted investments	951
Interest expense	(91,923)
Other income	2,247
Total non-operating expenses, net	<u>(80,154)</u>
Net income	21,023
Total net assets at beginning of year	<u>974,486</u>
Total net assets at end of year	<u>\$ 995,509</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, 2007

Cash flows from operating activities:	
Receipts from customers	\$ 63,934
Payments to suppliers	(127,614)
Payments to employees	(160,883)
Other cash receipts	<u>375,934</u>
Net cash provided by operating activities	<u>151,371</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	<u>(41,373)</u>
Net cash used in capital and related financing activities	<u>(41,373)</u>
Cash flows from investing activities:	
Repayment of notes payable	(34,557)
Increase in investments	<u>(8,101)</u>
Net cash used in investing activities	<u>(42,658)</u>
Net increase in cash and cash equivalents	67,340
Cash and cash equivalents at beginning of year	<u>332,949</u>
Cash and cash equivalents at end of year	<u><u>\$ 400,289</u></u>
Cash and cash equivalents consist of the following:	
Cash	\$ 195,937
Security deposits	14,088
Restricted cash, including time deposits	<u>190,264</u>
Total cash and cash equivalents at end of year	<u><u>\$ 400,289</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, 2007

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

Net income	\$ 21,023
Adjustments to reconcile net income provided by operating activities:	
Depreciation	76,649
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	-
Tenants	(12,715)
Other	(1)
Inventories	(6,733)
Prepaid and other assets	5,891
Increase (decrease) in liabilities:	
Accounts payable:	
Vendors	107
Due to other funds	66,848
Other	-
Accrued liabilities	-
Accrued payroll	(6,149)
Security deposits	1,593
Compensated absences	9,423
Other liabilities	(4,565)
Net cash provided by operating activities	\$ <u>151,371</u>

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 Statements of Net Assets
September 30, 2007

ASSETS	Total	GUO8-B10-0002	GUO8-B30-0001	GUO8-B20-0001	GUO8-B20-0002	GUO8-B20-0003	GUO8-B40-0002	GUO8-B50-0001	GUO8-B50-0003	GUO8-B50-0004
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:										
HUD	28,244	3,484	-	-	-	441	-	-	-	24,319
Due from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 28,244	\$ 3,484	\$ -	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ -	\$ 24,319
LIABILITIES AND NET ASSETS										
Accounts payable:										
Due to other funds	\$ 24,599	\$ 3,484	\$ -	\$ (356)	\$ (3,289)	\$ 441	\$ -	\$ -	\$ -	\$ 24,319
HUD	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:										
Compensated absences - current	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Deferred revenues	3,645	-	-	356	3,289	-	-	-	-	-
Compensated absences - noncurrent	-	-	-	-	-	-	-	-	-	-
Net assets	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 28,244	\$ 3,484	\$ -	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ -	\$ 24,319

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 Statements of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2007**

	GUO8-B10-0002	GUO8-B30-0001	GUO8-B20-0001	GUO8-B20-0002	GUO8-B20-0003	GUO8-B40-0002	GUO8-B50-0001	GUO8-B50-0003	GUO8-B50-0004
Revenues:									
Federal contributions	\$ -	\$ 24,400	\$ -	\$ 9,465	\$ -	\$ 8,885	\$ 3,233	\$ 127,366	\$ 24,320
Other	-	-	-	-	-	-	-	-	-
Total Revenues	197,669	24,400	-	9,465	-	8,885	3,233	127,366	24,320
Operating expenses:									
Administrative salaries	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-
Repair and maintenance	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-
Other	-	24,400	-	9,465	-	8,885	3,233	127,366	24,320
Total operating expenses	197,669	24,400	-	9,465	-	8,885	3,233	127,366	24,320
Operating income	-	-	-	-	-	-	-	-	-
Non-operating revenues (expenditures):									
Interest income	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-
Change in net assets	-	-	-	-	-	-	-	-	-
Total net assets, beginning of year	-	-	-	-	-	-	-	-	-
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 Statements of Cash Flows
Year Ended September 30, 2007**

	GUO8-B10- 0002	GUO8-B30- 0001	GUO8-B20- 0001	GUO8-B20- 0002	GUO8-B20- 0003	GUO8-B40- 0002	GUO8-B50- 0001	GUO8-B50- 0003	GUO8-B50- 0004
Cash flows from operating activities:									
Receipts from customers	\$ 197,669	\$ -	\$ 24,400	\$ -	\$ 9,465	\$ -	\$ 3,233	\$ 127,366	\$ 24,320
Payments to suppliers	(197,669)	-	(24,400)	-	(9,465)	-	(3,233)	(127,366)	(24,320)
Payments to employees	-	-	-	-	-	-	-	-	-
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	16,216	24,148	15,332	-	-	-	-	-	(23,264)
Accounts receivable - Due from other funds	91,872	-	-	-	91,872	-	-	-	-
Increase (decrease) in liabilities:									
Accounts payable - Due to other funds	(108,216)	(24,148)	(15,400)	-	(91,872)	-	-	-	23,264
Other liabilities	128	-	128	-	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Combining Statement of Net Assets

September 30, 2007

<u>ASSETS</u>	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C40- 0001</u>
Cash	\$ -	\$ -	\$ -
Accounts Receivable:			
HUD	2,588	2,588	-
Due from other funds	-	-	-
Prepaid and other assets	-	-	-
Capital assets, net	-	-	-
TOTAL	\$ 2,588	\$ 2,588	\$ -

LIABILITIES AND NET ASSETS

Accounts payable:			
Due to other funds	\$ 1,484	\$ 2,588	\$ (1,104)
HUD	-	-	-
Deferred revenues	1,104	-	1,104
Total liabilities	2,588	2,588	-
Net assets	-	-	-
TOTAL	\$ 2,588	\$ 2,588	\$ -

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

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2007

	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C40- 0001</u>
Revenues:			
Federal contributions	\$ 141,787	\$ 104,835	\$ 36,952
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>141,787</u>	<u>104,835</u>	<u>36,952</u>
Operating expenses:			
Administrative salaries	4,983	-	4,983
Employee benefits	1,462	-	1,462
Depreciation	-	-	-
Other	<u>135,342</u>	<u>104,835</u>	<u>30,507</u>
Total operating expenses	<u>141,787</u>	<u>104,835</u>	<u>36,952</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenditures):			
Interest income	-	-	-
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-
Total net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, end of year	<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**

Combining Statement of Cash Flows
Year Ended September 30, 2007

	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C10- 0001</u>
Cash flows from operating activities:			
Receipts from customers	\$ 141,787	\$ 104,835	\$ 36,952
Payments to suppliers	(135,342)	(104,835)	(30,507)
Payments to employees	(6,445)	-	(6,445)
Net cash provided (used) by operating activities	-	-	-
Cash flows from investing activities:			
Acquisition of fixed assets	-	-	-
Net cash provided (used) by investing activities	-	-	-
Cash flows from capital and related financing activities:			
Transfers from fund balance	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning year	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Net income (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	-	-	-
(Increase) decrease in assets:	-	-	-
Accounts receivable - HUD	12,805	12,805	-
Accounts receivable - Due from other funds	-	-	-
Other assets	-	-	-
Increase (decrease) in liabilities:	-	-	-
Accounts payable - Due to other funds	(1,104)	-	(1,104)
Accounts payable - HUD	(12,805)	(12,805)	-
Accrued expenses	-	-	-
Deferred revenues	1,104	-	1,104
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -

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, 2007

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, 2007

<u>LIABILITIES AND NET ASSETS</u>	<u>TOTAL</u>
Liabilities:	
Accounts payable:	
Trade	\$ -
HUD	-
Tenant security deposits	-
Due to other funds	-
Compensated absences, current portion	-
Accrued liabilities	-
Other	-
Total accounts payable	<u>-</u>
Deferred credits:	
Tenants prepaid rents	-
Deferred revenues	8,316
Total deferred credits	<u>8,316</u>
Total current liabilities	<u>8,316</u>
Noncurrent liabilities:	
Other	-
Compensated absences, net of current portion	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>8,316</u>
Net assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	<u>-</u>
Total liabilities and net assets	<u>\$ 8,316</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 Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2007

	<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, 2007

	<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 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	<hr/> <u>\$ -</u>
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 (used) by operating activities	<hr/> <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, 2007

<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>	<u>S-06-DC- 66-0001</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:						
HUD	44,910	-	-	-	-	44,910
Due from other funds	4,851	(468)	56	4,957	306	-
Prepaid and other assets	468	468	-	-	-	-
Capital assets, net	-	-	-	-	-	-
TOTAL	\$ 50,229	\$ -	\$ 56	4,957	\$ 306	\$ 44,910

LIABILITIES AND NET ASSETS

Accounts payable:						
Due to other funds	\$ 44,910	\$ -	\$ -	\$ -	\$ -	\$ 44,910
HUD	-	-	-	-	-	-
Accrued liabilities:						
Compensated absences - current	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-
Deferred revenue	5,319	-	56	4,957	306	-
Compensated absences - noncurrent	-	-	-	-	-	-
Net assets	-	-	-	-	-	-
TOTAL	\$ 50,229	\$ -	\$ 56	4,957	\$ 306	\$ 44,910

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, 2007

	<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>	<u>S-06-DC- 66-0001</u>
Revenues:						
Federal contributions	\$ 110,728	\$ -	\$ -	\$ 2,202	\$ 42,993	\$ 65,533
Other	-	-	-	-	-	-
Total Revenues	<u>110,728</u>	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>42,993</u>	<u>65,533</u>
Operating expenses:						
Administrative salaries	2,601	-	-	-	(243)	2,844
Employee benefits	869	-	-	-	(83)	952
Repair and maintenance	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Other	<u>107,258</u>	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>43,319</u>	<u>61,737</u>
Total operating expenses	<u>110,728</u>	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>42,993</u>	<u>65,533</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses):						
Interest income	-	-	-	-	-	-
Interest expense	<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>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets, beginning of year	<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>

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, 2007

	Total	S-02-DC- 66-0001	S-03-DC- 66-0001	S-04-DC- 66-0001	S-05-DC- 66-0001	S-06-DC- 66-0001
Cash flows from operating activities:						
Receipts from customers	\$ 110,728	\$ -	\$ -	\$ 2,202	\$ 42,993	\$ 65,533
Payments to suppliers	(107,258)	-	-	(2,202)	(43,319)	(61,737)
Payments to employees	(3,470)	-	-	-	326	(3,796)
Net cash provided (used) by operating activities	-	-	-	-	-	-
Cash flows from investing activities:						
Acquisition of fixed assets	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-
Cash flows from capital and related financing activities:						
Transfers from fund balance	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents at beginning year	-	-	-	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:						
(Increase) decrease in assets:						
Accounts receivable - HUD	(44,317)	-	-	-	593	(44,910)
Accounts receivable - Due from other funds	(573)	-	-	-	(573)	-
Other assets	15	-	-	-	15	-
Increase (decrease) in liabilities:						
Accounts payable - Due to other funds	44,910	-	-	-	-	44,910
Accounts payable - HUD	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-
Accrued salaries and wages	(341)	-	-	-	(341)	-
Deferred revenues	306	-	-	-	306	-
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2007

<u>ASSETS</u>	<u>Total</u>
Current assets:	
Cash:	
Cash - General Fund	\$ -
Total cash	-
Accounts receivable:	
HUD	-
Government of Guam	234,456
Total accounts receivable	234,456
Prepaid and other current assets	-
Total current assets	234,456
Noncurrent assets:	
Capital Assets:	
Land, structures and equipment, at cost	-
Accumulated depreciation	-
Net capital assets	-
Other assets	-
Total noncurrent assets	-
Total Assets	\$ 234,456
 <u>LIABILITIES AND NET ASSETS</u>	
Liabilities:	
Due to other funds	\$ -
Accrued liabilities	-
Other	234,456
Total current liabilities	234,456
Noncurrent liabilities:	
Other	-
Total noncurrent liabilities	-
Total liabilities	234,456
Net assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	-
Total liabilities and net assets	\$ 234,456

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, 2007**

	<u>TOTAL</u>
Operating revenues:	
Federal grants	\$ 1,145,714
Other income	-
Total operating revenues	<u>1,145,714</u>
Operating expenses:	
Administrative expense	-
Repairs and maintenance	1,145,714
Employee benefits	-
Total operating expenses	<u>1,145,714</u>
Operating income	<u>-</u>
Non-operating revenues:	
Interest on general fund investments	-
Total non-operating revenues	<u>-</u>
Net income	-
Total net assets, beginning of year	-
Total net assets, end of year	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**COMPACT IMPACT GRANT PROGRAM
CFDA NO. 15.875**

Statement of Cash Flows
Year Ended September 30, 2007

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,145,714
Payments to suppliers	<u>(1,145,714)</u>
Net cash provided by operating activities	<u>-</u>
Cash flows from capital and related financing activities:	
Transfers to fund balance	<u>-</u>
Net cash provided by financing activities	<u>-</u>
Cash flows from investing activities:	
Acquisition of fixed assets	<u>-</u>
Net cash used for investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of 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) 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	-
Other receivables	(234,456)
Increase (decrease) in liabilities:	
Accounts payable:	
Other accounts payables	234,456
Due to other funds	-
Accrued liabilities	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ -</u></u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HEALTH CARE AND OTHER FACILITIES GRANT PROGRAM CFDA NO. 93.887

Statement of Net Assets September 30, 2007

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

HEALTH CARE AND OTHER FACILITIES GRANT PROGRAM

CFDA NO. 93.887

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2007

	<u>TOTAL</u>
Operating revenues:	
Federal Grants	\$ 392,826
Other income	-
Total operating revenues	<u>392,826</u>
Operating expenses:	
Depreciation	-
Administrative expense	-
Repairs and maintenance	392,826
Employee benefits	-
Other	-
Total operating expenses	<u>392,826</u>
Operating income	-
Non-operating revenues:	
Interest on general fund investments	-
Capital grants	-
Total non-operating revenues	<u>-</u>
Income (loss) before adjustments and transfers	-
Adjustments and transfers	-
Net income	-
Total net assets, beginning of year	-
Total net assets, end of year	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
HEALTH CARE AND OTHER FACILITIES GRANT PROGRAM
CFDA NO. 93.887

Statement of Cash Flows
Year Ended September 30, 2007

	<u>TOTAL</u>
Cash flows from operating activities:	
Receipts from customers	\$ 392,826
Payments to suppliers	(392,826)
Payments to employees	-
Other cash receipts (payments)	-
Net cash provided by operating activities	-
Cash flows from capital and related financing activities:	
Transfers to fund balance	-
Net cash provided by investing activities	-
Cash flows from investing activities:	
Acquisition of fixed assets	-
Investment in time certificate of deposit	-
Net cash used for 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	<u>\$ -</u>
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	-
Net cash provided (used) by operating activities	<u>\$ -</u>

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, 2007

ASSETS					
	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Current assets:					
Cash	\$ 850,268	\$ 468,707	\$ 381,561	\$ -	\$ -
Unrestricted	99,706	-	99,706	-	-
Restricted	949,974	468,707	481,267	-	-
Total cash	6,282,783	826,376	4,902,499	7,062	546,846
Accounts receivable:					
Due from other funds	55,994	55,994	-	-	-
Promissory notes, current portion	32,153	140	24,974	-	7,039
Other	6,370,930	882,510	4,927,473	7,062	553,885
Total accounts receivable	1,286,871	617,323	-	67,630	601,928
Investments	199	25	174	-	-
Prepaid and other assets	3,985,095	3,985,095	-	-	-
Other real estate	12,593,069	5,953,660	5,408,914	74,682	1,155,813
Total current assets	382,234	3,143	45,342	-	333,749
Noncurrent assets:					
Capital assets, net	1,063,822	1,063,822	-	-	-
Promissory notes - noncurrent	-	-	-	-	-
Other assets	1,446,056	1,066,965	45,342	-	333,749
Total non-current assets	14,039,125	7,020,625	5,454,256	74,682	1,489,562
Total Assets					
	\$ 3,109,935	\$ (31,564)	\$ 1,796,454	\$ -	\$ 1,345,045
	48,446	-	48,446	-	-
	1,430,337	-	1,430,337	-	-
	138,376	25,597	(7,200)	-	119,979
	1,269,978	1,269,978	-	-	-
Total Liabilities	5,997,072	1,264,011	3,268,037	-	1,465,024
Net Assets:					
Invested capital assets, net of related debt	4,367,329	3,988,238	45,342	-	333,749
Restricted	25,000	-	25,000	-	-
Unrestricted	3,649,724	1,768,376	2,115,877	74,682	(309,211)
Total Net Assets	8,042,053	5,756,614	2,186,219	74,682	24,538
Total Liabilities and Net Assets	14,039,125	7,020,625	5,454,256	74,682	1,489,562

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, 2007

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Operating revenues:					
Property Sales	\$ 45,500	\$ 45,000	\$ -	\$ -	\$ 500
Other	103,720	8,905	94,815	-	-
Total operating revenues	149,220	53,905	94,815	-	500
Operating expenses:					
Administrative salaries	40,601	22,632	4,801	-	13,168
Employee benefits	8,269	5,854	1,172	-	1,243
Depreciation	41,354	-	7,487	-	33,867
Other	355,733	231,405	34,418	-	89,910
Total operating expenses	445,957	259,891	47,878	-	138,188
Operating income (loss)	(296,737)	(205,986)	46,937	-	(137,688)
Non-operating revenues:					
Other income	-	-	-	-	-
Investment income	56,214	27,849	332	2,831	25,202
Total non-operating revenues	56,214	27,849	332	2,831	25,202
Change in net assets	(240,523)	(178,137)	47,269	2,831	(112,486)
Total net assets at beginning of year	8,282,576	5,934,751	2,138,950	71,851	137,024
Total net assets at end of year	\$ 8,042,053	\$ 5,756,614	\$ 2,186,219	\$ 74,682	\$ 24,538

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, 2007

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Cash flows from operating activities:					
Receipts from customers	\$ 151,628	\$ 52,625	\$ 94,815	\$ 2,831	\$ 1,357
Payments to suppliers	(57,905)	(23,487)	(34,418)	-	-
Payments to employees	(48,850)	(28,486)	(5,953)	-	(14,411)
Other cash receipts	237,044	53,471	108,524	-	75,049
Net cash provided by operating activities	281,917	54,123	162,968	2,831	61,995
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	(36,793)	-	-	-	(36,793)
Net cash flows used for capital and related financing activities	(36,793)	-	-	-	(36,793)
Cash flows from investing activities:					
Increase in investments	(53,879)	(25,846)	-	(2,831)	(25,202)
Net cash used for investing activities	(53,879)	(25,846)	-	(2,831)	(25,202)
Net increase in cash and cash equivalents	191,245	28,277	162,968	-	-
Cash and cash equivalents at beginning of year	758,729	440,430	318,299	-	-
Cash and cash equivalents at end of year	\$ 949,974	\$ 468,707	\$ 481,267	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Net income (loss)	\$ (240,523)	\$ (178,137)	\$ 47,569	\$ 2,831	\$ (112,486)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation	41,354	-	7,487	-	33,867
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	(241,378)	(30,000)	(211,378)	-	-
Promissory notes	(37,300)	(37,300)	-	-	-
Others	9,008	7,200	1,808	-	-
Land held for sale	207,918	207,918	-	-	-
Increase (decrease) in liabilities:					
Due to other funds	9,464	(7,881)	(36,078)	-	53,423
Vouchers	47,430	-	47,430	-	-
Accrued liabilities	86,846	(345)	-	-	87,191
Deferred revenues	92,668	92,668	-	-	-
Other	306,430	-	306,430	-	-
Net cash provided by operating activities	\$ 281,917	\$ 54,123	\$ 162,968	\$ 2,831	\$ 61,995

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, 2007

ASSETS	Sinajana Non-Title I	Gov Guam Astumbo	Nauru Project	Gov Guam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
TOTAL	\$ 468,707	\$ -	\$ -	\$ -	\$ 438,674	\$ 22,662	\$ 7,371
Current assets:							
Cash	-	-	-	-	-	-	-
Accounts receivable:							
Due from other funds	1,666	776,148	4,835	43,727	-	-	-
Promissory notes, current portion	-	-	-	-	-	55,994	-
Other	-	-	-	-	140	-	-
Total accounts receivable	1,666	776,148	4,835	43,727	140	55,994	-
Investments	617,323	-	-	-	617,323	-	-
Prepaid and other assets	25	-	-	-	-	-	25
Land held for sale	3,985,095	-	-	-	3,985,095	-	-
Total current assets	5,953,660	776,148	4,835	43,727	5,041,232	78,656	7,396
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	1,063,822	-	-	-	-	1,004,481	59,341
Other assets	-	-	-	-	-	-	-
Total non-current assets	1,066,965	1,758	-	-	1,385	1,004,481	59,341
Total assets	\$ 7,020,625	\$ 1,666	\$ 4,835	\$ 43,727	\$ 5,042,617	\$ 1,083,137	\$ 66,737

LIABILITIES AND NET ASSETS

Liabilities:							
Accounts payable:							
Due to other funds	\$ (31,564)	\$ -	\$ 12,385	\$ -	\$ 59,318	\$ (96,164)	\$ (7,103)
Accrued liabilities	25,397	-	-	-	25,597	-	-
Deferred revenue	1,269,978	-	-	-	-	1,197,624	72,354
Total liabilities	1,264,011	-	12,385	-	84,915	1,101,460	65,251
Net assets:							
Invested capital assets, net of related debt	3,988,238	-	1,758	-	3,986,480	-	-
Restricted	-	-	-	-	-	-	-
Unrestricted	1,768,376	1,666	763,763	43,727	971,222	(18,323)	1,486
Total net assets	5,756,614	1,666	765,521	43,727	4,957,702	(18,323)	1,486
Total liabilities and net assets	\$ 7,020,625	\$ 1,666	\$ 777,906	\$ 43,727	\$ 5,042,617	\$ 1,083,137	\$ 66,737

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, 2007

	TOTAL	Sinajana Non-Title I	Gov Guam Astumbo	Nauru Project	Gov Guam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
Operating revenues:								
Property Sales	\$ 45,000	\$ -	\$ 30,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -
Other	8,905	-	-	-	-	-	7,625	1,280
Total operating revenues	53,905	-	30,000	-	-	15,000	7,625	1,280
Operating expenses:								
Administrative salaries	22,632	-	-	-	-	9,878	12,754	-
Employee benefits	5,854	-	-	-	-	2,448	3,406	-
Other	231,405	-	10,997	-	-	207,918	12,469	21
Total operating expenses	259,891	-	10,997	-	-	220,244	28,629	21
Operating income (loss)	(205,986)	-	19,003	-	-	(205,244)	(21,004)	1,259
Non-operating revenues:								
Other income	-	-	-	-	-	-	-	-
Investment income	27,849	-	914	-	-	26,935	-	-
Total non-operating income	27,849	-	914	-	-	26,935	-	-
Change in net assets	(178,137)	-	19,917	-	-	(178,309)	(21,004)	1,259
Total net assets at beginning of year	\$ 934,751	1,666	745,604	4,835	43,727	5,136,011	2,681	227
Total net assets at end of year	\$ 5,756,614	\$ 1,666	\$ 765,521	\$ 4,835	\$ 43,727	\$ 4,957,702	\$ (18,323)	\$ 1,486

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, 2007

	TOTAL	Snigjiana Non-Title I	Gov Guam Astumbo	Naumu Project	Gov Guam	Low Cost Housing	Down Payment Closing Cost	Home Rehabilitation
Cash flows from operating activities:								
Receipts from customers	\$ 52,625	\$ -	\$ 30,000	\$ -	\$ -	\$ 15,000	\$ 7,625	\$ -
Payments to suppliers	(23,487)	-	(10,997)	-	-	-	(12,469)	(21)
Payments to employees	(28,486)	-	-	-	-	(12,326)	(16,160)	-
Other cash receipts (payments)	53,471	-	(19,003)	-	-	39,261	26,986	6,227
Net cash provided by operating activities	54,123	-	-	-	-	41,935	5,982	6,206
Cash flows from investing activities:								
Decrease (increase) in investments	(25,846)	-	-	-	-	(25,846)	-	-
Net cash used in investing activities	(25,846)	-	-	-	-	(25,846)	-	-
Net increase (decrease) in cash and cash equivalents	28,277	-	-	-	-	16,089	5,982	6,206
Cash and cash equivalents at beginning of year	440,430	-	-	-	-	422,585	16,680	1,165
Cash and cash equivalents at end of year	\$ 468,707	\$ -	\$ -	\$ -	\$ -	\$ 438,674	\$ 22,662	\$ 7,371
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Net income (loss)	\$ (178,137)	\$ -	\$ 19,917	\$ -	\$ -	\$ (178,309)	\$ (21,004)	\$ 1,259
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:								
(Increase) decrease in assets:								
Accounts receivable:								
Due from other funds	(30,000)	-	(30,000)	-	-	-	-	-
Prepaid expenses	(37,300)	-	-	-	-	-	(41,760)	4,460
Other	7,200	-	-	-	-	-	7,200	-
Land held for sale	207,918	-	-	-	-	207,918	-	-
Increase (decrease) in liabilities:								
Accounts payable:								
Due to other funds	(7,881)	-	10,083	-	-	12,671	(30,635)	-
Vendors and contractors	-	-	-	-	-	-	-	-
Accrued liabilities	(345)	-	-	-	-	(345)	-	-
Deferred revenue	92,668	-	-	-	-	-	92,181	487
Other	-	-	-	-	-	-	-	-
Net cash provided by operating activities	\$ 54,123	\$ -	\$ -	\$ -	\$ -	\$ 41,935	\$ 5,982	\$ 6,206

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, 2007

ASSETS	Total	Local Revolving Fund	Revolving Fund
Current Assets:			
Cash:			
Unrestricted	\$ 381,561	\$ 104,036	\$ 277,525
Restricted	99,706	-	99,706
Total cash	<u>481,267</u>	<u>104,036</u>	<u>377,231</u>
Accounts Receivable:			
Due from other funds	4,902,499	528	4,901,971
Travel advances	24,974	307	24,667
Total accounts receivable	<u>4,927,473</u>	<u>835</u>	<u>4,926,638</u>
Investments	-	-	-
Prepaid and other assets	174	174	-
Total current assets	<u>5,408,914</u>	<u>105,045</u>	<u>5,303,869</u>
Noncurrent Assets:			
Capital assets, net	45,342	45,342	-
Total non-current assets	<u>45,342</u>	<u>45,342</u>	<u>-</u>
Total assets	<u>\$ 5,454,256</u>	<u>\$ 150,387</u>	<u>\$ 5,303,869</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable:			
Due to other funds	\$ 1,796,454	\$ 231,820	\$ 1,564,634
Vendors	48,446	-	48,446
Other	1,430,337	-	1,430,337
Other accrued liabilities	(7,200)	-	(7,200)
Total liabilities	<u>3,268,037</u>	<u>231,820</u>	<u>3,036,217</u>
Net assets:			
Invested in capital assets, net of related debt	45,342	45,342	-
Restricted	25,000	-	25,000
Unrestricted	2,115,877	(126,775)	2,242,652
Total net assets (deficit)	<u>2,186,219</u>	<u>(81,433)</u>	<u>2,267,652</u>
Total liabilities and net assets	<u>\$ 5,454,256</u>	<u>\$ 150,387</u>	<u>\$ 5,303,869</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, 2007

	Total	Local Revolving Fund	Revolving Fund
Operating revenues:			
Other Government Grants	\$ -	\$ -	\$ -
Other	94,815	-	94,815
Total operating revenues	94,815	-	94,815
Operating Expenses:			
Administrative salaries	4,801	202	4,599
Employee benefits	1,172	19	1,153
Depreciation	7,487	7,487	-
Other	34,418	34,418	-
Total operating expenses	47,878	42,126	5,752
Operating income (loss)	46,937	(42,126)	89,063
Non-operating revenues:			
Investment income	332	332	-
Total non-operating revenues	332	332	-
Change in net assets	47,269	(41,794)	89,063
Total net assets (deficit) at beginning of year	2,138,950	(39,639)	2,178,589
Total net assets (deficit) at end of year	\$ 2,186,219	\$ (81,433)	\$ 2,267,652

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, 2007

	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Cash flows from operating activities:			
Receipts from customers	\$ 94,815	\$ -	\$ 94,815
Payments to suppliers	(34,418)	(34,418)	-
Payments to employees	(5,953)	(221)	(5,732)
Other cash receipts (payments)	<u>108,524</u>	<u>(8,407)</u>	<u>116,931</u>
Net cash provided by (used in) operating activities	<u>162,968</u>	<u>(43,046)</u>	<u>206,014</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 increase (decrease) in cash and cash equivalents	162,968	(43,046)	206,014
Cash and cash equivalents at beginning of year	<u>318,299</u>	<u>147,082</u>	<u>171,217</u>
Cash and cash equivalents at end of year	\$ <u><u>481,267</u></u>	\$ <u><u>104,036</u></u>	\$ <u><u>377,231</u></u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:			
Change in net assets	\$ 47,269	\$ (41,794)	\$ 89,063
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	7,487	7,487	-
(Increase) decrease in assets:			
Accounts receivable:			
Due from other funds	(211,378)	2	(211,380)
Other	1,808	-	1,808
Increase (decrease) in liabilities:			
Accounts payable:			
Due to other funds	(36,078)	(8,741)	(27,337)
Vouchers	47,430	-	47,430
Other	<u>306,430</u>	<u>-</u>	<u>306,430</u>
Net cash provided by (used in) operating activities	\$ <u><u>162,968</u></u>	\$ <u><u>(43,046)</u></u>	\$ <u><u>206,014</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, 2007

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	<u>67,620</u>	<u>-</u>	<u>67,620</u>	<u>-</u>
Total assets	<u>\$ 74,682</u>	<u>\$ 900</u>	<u>\$ 70,817</u>	<u>\$ 2,965</u>
 Liabilities and Net Assets				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets:				
Invested capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>74,682</u>	<u>900</u>	<u>70,817</u>	<u>2,965</u>
Total net assets	<u>74,682</u>	<u>900</u>	<u>70,817</u>	<u>2,965</u>
Total liabilities and net assets	<u>\$ 74,682</u>	<u>\$ 900</u>	<u>\$ 70,817</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 Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2007

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Revenues:				
Property sales	\$ -	\$ -	\$ -	\$ -
Investment income	2,831	-	2,831	-
Other	-	-	-	-
Total revenues	<u>2,831</u>	<u>-</u>	<u>2,831</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	2,831	-	2,831	-
Net assets at beginning of year	<u>71,851</u>	<u>900</u>	<u>67,986</u>	<u>2,965</u>
Net assets at end of year	<u>\$ 74,682</u>	<u>\$ 900</u>	<u>\$ 70,817</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, 2007

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Cash flows from operating activities:				
Receipts from customers	\$ 2,831	\$ -	\$ 2,831	\$ -
Net cash provided by operating activities	<u>2,831</u>	<u>-</u>	<u>2,831</u>	<u>-</u>
Cash flows from investing activities:				
Increase in investments	<u>(2,831)</u>	<u>-</u>	<u>(2,831)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,831)</u>	<u>-</u>	<u>(2,831)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Net income (loss)	\$ 2,831	\$ -	\$ 2,831	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:				
(Increase) decrease in assets:	-	-	-	-
Increase (decrease) in liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 2,831</u>	<u>\$ -</u>	<u>\$ 2,831</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 Net Assets
September 30, 2007

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	601,928	601,928	-	-	-	-	-
Total current assets	<u>1,155,813</u>	<u>602,289</u>	<u>5,399</u>	<u>3,440</u>	<u>439,280</u>	<u>105,405</u>	<u>-</u>
Noncurrent assets:							
Capital assets, net	333,749	-	38,815	-	195,052	99,882	-
Total non-current assets	<u>333,749</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>195,052</u>	<u>99,882</u>	<u>-</u>
Total assets	<u>\$ 1,489,562</u>	<u>\$ 602,289</u>	<u>\$ 44,214</u>	<u>\$ 3,440</u>	<u>\$ 634,332</u>	<u>\$ 205,287</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable:							
Due to other funds	\$ 1,345,045	\$ 29,755	\$ 12,488	\$ 95	\$ 1,079,482	\$ 94,978	\$ 128,247
Accrued liabilities	<u>119,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,000</u>	<u>116</u>	<u>30,863</u>
Total liabilities	<u>1,465,024</u>	<u>29,755</u>	<u>12,488</u>	<u>95</u>	<u>1,168,482</u>	<u>95,094</u>	<u>159,110</u>
Net assets:							
Invested capital assets, net of related debt	333,749	-	38,815	-	195,052	99,882	-
Unrestricted	<u>(309,211)</u>	<u>572,534</u>	<u>(7,089)</u>	<u>3,345</u>	<u>(729,202)</u>	<u>10,311</u>	<u>(159,110)</u>
Total net assets	<u>24,538</u>	<u>572,534</u>	<u>31,726</u>	<u>3,345</u>	<u>(534,150)</u>	<u>110,193</u>	<u>(159,110)</u>
Total liabilities and net assets	<u>\$ 1,489,562</u>	<u>\$ 602,289</u>	<u>\$ 44,214</u>	<u>\$ 3,440</u>	<u>\$ 634,332</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, 2007

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Operating revenues:							
Property Sales	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -
Other	-	-	-	-	-	-	-
Total operating revenues	500	-	-	-	-	500	-
Operating expenses:							
Administrative salaries	13,168	-	(38)	-	13,206	-	-
Employee benefits	1,243	-	(15)	-	1,258	-	-
Depreciation	33,867	-	-	-	33,867	-	-
Other	89,910	-	910	-	89,000	-	-
Total operating expenses	138,188	-	857	-	137,331	-	-
Operating income (loss)	(137,688)	-	(857)	-	(137,331)	500	-
Non-operating revenues:							
Investment income	25,202	25,202	-	-	-	-	-
Total non-operating revenues (expenses)	25,202	25,202	-	-	-	-	-
Income (loss) before capital contributions and transfers	(112,486)	25,202	(857)	-	(137,331)	500	-
Adjustments and transfers	-	-	-	-	-	-	-
Change in net assets	(112,486)	25,202	(857)	-	(137,331)	500	-
Total net assets at beginning of year	137,024	547,332	32,583	3,345	(396,819)	109,693	(159,110)
Total net assets at end of year	\$ 24,538	\$ 572,534	\$ 31,726	\$ 3,345	\$ (534,150)	\$ 110,193	\$ (159,110)

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, 2007

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Cash flows from operating activities:							
Receipts from customers	\$ 1,357	\$ -	\$ 857	\$ -	\$ -	\$ 500	\$ -
Payments to suppliers	(14,411)	-	53	-	(14,464)	-	-
Payments to employees	75,049	25,202	(910)	-	51,257	(500)	-
Other cash receipts (payments)							
Net cash provided by operating activities	61,995	25,202	-	-	36,793	-	-
Cash flows from capital and related financing activities:							
Acquisition of fixed assets	(36,793)	-	-	-	(36,793)	-	-
Net cash flows (used for) provided by capital and related financing activities	(36,793)	-	-	-	(36,793)	-	-
Cash flows from investing activities:							
Increase in investments	(25,202)	(25,202)	-	-	-	-	-
Net cash used in investing activities	(25,202)	(25,202)	-	-	-	-	-
Net increase 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)	\$ (112,486)	\$ 25,202	\$ (857)	\$ -	\$ (137,331)	\$ 500	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation	33,867	-	-	-	33,867	-	-
(Increase) decrease in assets:							
Due from other funds	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable:							
Due to other funds	53,423	-	1,087	-	52,836	(500)	-
Accrued liabilities	87,191	-	(230)	-	87,421	-	-
Others	-	-	-	-	-	-	-
Net cash provided by operating activities	\$ 61,995	\$ 25,202	\$ -	\$ -	\$ 36,793	\$ -	\$ -

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

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

SINGLE AUDIT AND HUD REPORTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007



CERTIFIED PUBLIC ACCOUNTANT

GUAM

P.O. BOX 12734 • TAMUNING, GUAM 96931
TEL: (671) 472-2680 • FAX: (671) 472-2686

SAIPAN

PMB 297 PPP BOX 10000 • SAIPAN, MP 96950
TEL: (670) 233-1837 • FAX: (670) 233-8214

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

Board of Commissioners
Guam Housing and Urban Renewal Authority:

I have audited the 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, 2007, and have issued my report thereon dated May 19, 2008. 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 as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of GHURA's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be *significant deficiencies or material weaknesses*. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects GHURA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of GHURA's financial statements that is more than inconsequential will not be prevented or detected by GHURA's internal control over reporting. I consider the deficiencies for Findings 07-05 and 07-06 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by GHURA's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that Finding 07-05 of the significant deficiencies described above is a 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 as Findings 07-01, 07-02, 07-03, 07-04 and 07-06.

I noted certain matters that I reported to management of GHURA in a separate letter dated May 19, 2008. GHURA's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. I did not audit GHURA's response and, accordingly, I express no opinion on it.

This report is intended for the information of the Board of Commissioners and management 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 the specified users. However, this report is a matter of public record and its distribution is not limited.


Hagåtña, Guam
May 19, 2008

J. Scott Magliari
& COMPANY

CERTIFIED PUBLIC ACCOUNTANT

GUAM

P.O. BOX 12734 • TAMUNING, GUAM 96931
TEL: (671) 472-2680 • FAX: (671) 472-2686

SAIPAN

PMB 297 PPP BOX 10000 • SAIPAN, MP 96950
TEL: (670) 233-1837 • FAX: (670) 233-8214

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Compliance

I have audited the compliance of the 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, 2007. 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 Nonprofit 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 Findings 07-02 through 07-04 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with eligibility and special tests that are applicable to the Section 8 Housing Choice Vouchers and Low Rent Public Housing program. Compliance with such requirements is necessary, in my opinion, for GHURA to comply with requirements applicable to those programs.

In my opinion, except for 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, 2007.

Internal Control Over Compliance

The management of GHURA is responsible for establishing and maintaining effective internal control over compliance with 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 the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the GHURA's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not be necessarily identify all deficiencies in GHURA's internal control that might be *significant deficiencies or material weaknesses* as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and others that I consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects GHURA's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the GHURA's internal control. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding No. 07-01 through 07-04 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the GHURA's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, I consider Findings 07-01, 07-02, 07-03 and 07-04 to be material weaknesses.

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of GHURA as of and for the year ended September 30, 2007, and have issued my report thereon dated May 19, 2008. 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 the purpose of 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 of GHURA. 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 solely for the information of the Board of Commissioners and the management 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 those specified parties.

J. Scott Magliani & Company

Hagåtña, Guam
May 19, 2008

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards For Year Ended September 30, 2007

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2007 Fiscal Year Expenditures</u>
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
14.157	Supportive Housing for the Elderly	\$ 389,674
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	3,555,954
14.231	Emergency Shelter Grants Program	110,728
14.235	Supportive Housing Program	197,669
14.238	Shelter Plus Care	141,787
14.239	HOME Investment Partnerships	2,812,288
14.850a	Low Rent Public Housing	3,386,508
14.871	Section 8 Housing Choice Vouchers	31,091,670
14.872	Public Housing Capital Fund Program	<u>2,287,961</u>
	Total HUD Grants	<u>43,974,239</u>
<u>U. S. Department of Health and Human Services</u>		
93.887	Passed through the Government of Guam: Health Care and Other Facilities	392,826
<u>U. S. Department of the Interior</u>		
15.875	Passed through the Government of Guam: Economic, Social and Political Development of the Territories – Compact Impact	<u>1,145,714</u>
	Total Expenditures of Federal Awards	<u>\$ 45,512,779</u>
	Percentage of Federal Awards Tested	<u>95%</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, 2007

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	\$ 314,667
HOME Investment Partnerships	14.239	101,080
Supportive Housing Program	14.235	173,349
Emergency Shelter Grants Program	14.231	63,020
Shelter Plus Care	14.238	<u>137,240</u>
Total		<u>\$ 789,356</u>

J. Scott Magliari
& COMPANY

CERTIFIED PUBLIC ACCOUNTANT

GUAM

P.O. BOX 12734 • TAMUNING, GUAM 96931
TEL: (671) 472-2680 • FAX: (671) 472-2686

SAIPAN

PMB 297 PPP BOX 10000 • SAIPAN, MP 96950
TEL: (670) 233-1837 • FAX: (670) 233-8214

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

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, 2007 and have issued my report thereon dated May 19, 2008.

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, 2007.

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 19, 2008

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA) and issued an unqualified opinion.

Internal control over financial reporting:

- Material weaknesses were identified? x yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? x yes none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? x yes no

The auditor's report on major program compliance for GHURA having five major programs included an unqualified opinion for the Community Development Block Grants, HOME Investment Partnerships, Public Housing Capital Fund Project and expresses a qualified opinion on the Section 8 Housing Choice Voucher Program and the Low Income Housing Assistance Programs based on identified significant control deficiencies, which, in my opinion, are considered to be material weaknesses.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? x yes no

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$1,365,383

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 07-05 through 07-06.

<u>Reference Number</u>	<u>Findings</u>
07-05	Fiscal Division – Financial Accounting System
07-06	Management Information Systems IT Audit

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 07-01 through 07-04.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
07-01	Low Income Public Housing – Annual Inspections	\$ -
07-02	Section 8 Vouchers – Eligibility	-
07-03	Section 8 Vouchers – Reasonable Rent	-
07-04	Section 8 Vouchers – HQS Inspections & Enforcement	-
Total Questioned Costs		<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-01

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 eight (8) or 32% 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 units:

1. #10RDA8
2. #4BDAM
3. #2WSA
4. #1ADUE
5. #21WSA
6. #37BDAM
7. #26BPAQ
8. 9BDAM

For unit #26BPAQ and 9BDAM: Inspections were conducted using the Uniform Physical Condition Standards (UPCS) Inspection Report which cited level 3 deficiencies which were for inoperable smoke detectors and utility Ground Fault Circuit Interrupters (GFCI). There were no work orders or subsequent inspection reports on file to evidence that these deficiencies were corrected within 24 hours or 30 days.

Cause:

The Authority lacks effective internal controls to monitor and ensure that all units are inspected annually and that all Uniform Physical Condition Standards (UPCS) deficiencies noted are corrected in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-01, continued

Program: Low Income Public Housing – Annual Inspection Reports

CFDA No. 14.850

Effect:

The Authority is not in compliance with the PHAS regulations as well as its policies set forth in the Admission & Continued Occupancy Policies. The Authority will incur additional maintenance costs by conducting annual inspection in a timely manner to maintain housing quality standards since units could deteriorate.

Prior Year Status:

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

Recommendation:

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

Auditee Response/Corrective Action Plan:

The Authority agrees with this finding.

The Authority will 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.

Copies of the inspection reports were located in another folder other than the tenants' unit folders. Each Property Site Manager will ensure that the inspection reports list the work orders numbers and attach the completed work orders to the inspection report. These reports will be filed in the tenants' folders.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-02
Program: Section 8 Voucher – Eligibility
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 five (5) or 13% of the forty (40) vouchers tested, the tenant folders had missing or incomplete documentation as follows:

<u>Voucher</u>	<u>Missing/Incomplete documentation:</u>
1. #06-1655	- Rent Reasonableness Form not completed. - birth certificates and ID for 19 yr. old son. - Original application not on-file.
2. #01-GMC-14	- HUD forms 52641 & 52641A not signed by tenant and landlord. - Landlord business license and certificate of title property location was incorrect. Lot# listed per business license (Lot #1122-2-3) and per Certificate of Title (Lot #1122-3-2).
3. #06-1597	- Certification of common-law relation not signed.
4. #03-0637	- Preliminary Clearance form not completed

For voucher #03-0637, the tenant was terminated and had an outstanding balance due the landlord totaling \$3,253 for 7 months but the Preliminary Clearance form was not completed or signed by the tenant. The inter-office memorandum for Occupancy & Rent Calculation for Tenant Changes (ORC) submitted to the Fiscal Department to discontinue landlord payment could not be located nor could we trace the ORC to manual logbook maintained by program personnel.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-02, continued
Program: Section 8 Voucher – Eligibility
CFDA No. 14.871

Cause:

The File Document Review and Checklist are not consistently 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 admission or recertification. Quality control procedures have not been fully implemented to ensure that case files are well-managed 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 HCV 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.

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. The Compliance Officer should continue also testing 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 the finding. Each Housing Specialist is required to check off the item from the checklist when each required document is received, filed and completed and the Housing Specialist Supervisors are required to review each file to ensure every file is complete and processed accurately. To reduce or eliminate this problem, each Housing Specialist have been given a noticed regarding the proper use of the checklist and each Supervisor is tasked to enforce the use of the checklist.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-03
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 40 files tested, we noted the Rent Reasonableness Determination Report continues to document comparable units exceeding the maximum subsidy allowed based on the Payment Standard and comparable units are not always in the same location.

Cause:

The Authority's administrative plan does not specifically address the segregation of the duties for this function.

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

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, 2007

Finding No. 07-03, continued
Program: Section 8 Voucher – Reasonable Rent
CFDA No. 14.871

Recommendation:

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.

Auditee Response/Corrective Action Plan:

The Authority agrees with this finding. The Authority will maintain current records to document the basis for the determination that rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units.

The Authority will make this determination based on location, quality, size, unit type, and age of the contract unit; and any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

A Building Inspector Supervisor has been assigned to oversee the inspectors and their reports relating to the comparables obtained for rent reasonableness.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

Finding No. 07-04

Program: Section 8 Voucher – HQS Inspections and Enforcement

CFDA No. 14.871

Criteria:

In accordance with 24 CFR sections 982.158(d), 982.404, 982.405(b) and 985.3(f), the Authority must inspect the unit leased to a family 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:

For 3 or 5% of the forty (40) units tested for conducting HQS inspections and quality control re-inspections, we noted the following:

1. Inspection reports were not on-file for independent verification for Voucher #s 06-1597, 03-0727, 06-1494 and 02-0396.
2. For Voucher #s 03-0803, 05-1223, 06-1492, 01-0012, 05-1223 and 05-1317, the units failed the HQS inspection due to electrical hazards and defective smoke alarm and was not corrected or re-inspected within 24 hours or 30 days.

Cause:

The Authority did not adhere to its Administrative Plan and there is a lack of internal control monitoring to ensure that annual inspections, failed inspections and quality control re-inspections are performed in a timely.

Effect:

The Authority is not in compliance with HUD regulations and its Administrative Plan.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-04, continued
Program: Section 8 Voucher – HQS Inspections and Enforcement
CFDA No. 14.871

Prior Year Status:

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

Recommendation:

The Authority's should adhere to 24 CFR sections 982.158(d), 982.404, 982.405(b) and 985.3(f) and its Administrative Plan and establish and implement internal control monitoring policies and procedures to ensure that annual inspections, failed inspections and quality control re-inspections are performed in a timely.

Auditee Response/Corrective Action Plan:

The Authority agrees with this finding. HQS enforcement was not maintained for fiscal year 2007. To correct this deficiency, the following corrective action has been implemented:

- An Inspector Supervisor is on board to ensure timely inspections and re-inspections are done. Among his responsibilities, the Inspector is tasked to ensure all 24-hour and 30 day failed inspections are re-inspections are performed in a timely manner. The Supervisor is also tasked to randomly review each inspection report to determine compliance.
- Staff Training – Every inspector was provided HQS refresher training in 2007.
- The Supervisor is working with other staff to ensure that all HQS inspections and re-inspections are performed and other HQS issues are corrected in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-05

Area: Fiscal Division – Financial Accounting System

CFDA No. N/A

Criteria:

In accordance with the Common Rule, the Authority should maintain a financial accounting and management system to facilitate and be capable for the production of accurate and timely financial information and related preparation of financial statements.

In assessing the adequacy of an applicant's financial management system, the awarding agency shall rely on readily available sources of information, such as audit reports, to the maximum extent possible. If additional information is necessary to assure prudent management of agency funds, it shall be obtained from the applicant or from an on-site review.

Condition:

In assessing the adequacy of the Authority's financial management system we during our audit, we continued to observe that the Fiscal Division is unable to produce the current and complete financial statements on a monthly and annual basis. There is a consistent 2- to 3 month delay in closing books each month and at fiscal year-end.

Cause:

The Authority lacks a sufficient number of qualified accountants to ensure that the accounting functions will not cease in the absence of exiting personnel and to allow for proper cross-training of personnel. Several key accounting personnel were allowed to take vacation during the course of the audit which caused delays in obtaining certain audit information and/or explanation of significant accounting issues. Additionally, two senior accountants quit the Authority shortly after the end of the fiscal year and have not been replaced.

Effect:

There is no known material effect on the financial as a result of this condition; however, the potential exist for management to make financial decisions based on inaccurate or non-current financial data.

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, 2007

Finding No. 07-05, continued
Area: Fiscal Division – Financial Accounting System
CFDA No. N/A

Recommendation:

The Authority should consider hiring additional qualified accountants knowledgeable in governmental accounting to alleviate the strain placed on existing personnel when vacations are taken and extended absences occur and to ensure that certain accounting functions do not cease. Efforts should be made to rotate and cross-train existing accounting personnel to ensure that no one person is only knowledgeable of particular accounting functions.

Standard operating policies and procedures should be developed and implemented to facilitate and ease month-end and year-end closing procedures to ensure that all accounting transactions are recorded and financial statements are prepared in a timely manner.

To the extent possible, accounting staff vacations should be planned to occur before, near completion or after the audit is completed or alternate arrangements are made to transfer accounting functions to other knowledgeable personnel.

Auditee Response and Corrective Action Plan:

The Authority recently hired a Controller whose top priority includes: timeliness of financial reporting, recruitment of qualified accountants for the vacant positions, cross-train existing accounting personnel to ensure that accounting functions do not cease while vacations are taken or extended absences occur, providing personnel with quarterly updates from HUD and other accounting issues, and update the accounting policies and procedures manual.

The Fiscal and MIS Division will work together to ensure that the Financial Accounting System generates the necessary reports to meet all financial reporting in a timely manner. Existing and new accounting personnel will be required to attend at least 16 credit hours of continuing professional education courses in governmental and financial accounting every year.

Vacation is a planned activity that occurs during the fiscal year. However, accounting personnel will be authorized to go on vacations before, near completion or after the audit is completed. Otherwise, in the event of unplanned leave (such as medical emergencies), other accounting personnel will be able to respond to the auditors.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Finding No. 07-06
Area: Management Information Systems – IT Audit
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 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:

Due to initial budget constraints, the Authority was not able to conduct an independent IT audit during the fiscal year ending September 30, 2007.

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 detected in a timely manner.

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, 2007

Finding No. 07-06, continued
Area: Management Information Systems – IT Audit
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:

We agree with this finding. Due to initial budget constraints, the Authority was not able to conduct an independent IT audit during the fiscal year ending September 30, 2007.

The MIS Division has budgeted for the IT Audit in the Authority's Fiscal Year 2008 budget. An RFP was issued in October 2007 and bids were evaluated and a vendor was selected in January 2008. The IT has begun and is on-going at this time. Upon completion of the IT Audit, the MIS Division will review the recommendations, as provided, and make improvements/update where necessary.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2007

Audit Finding

- 06-01 This finding was corrected in the current year.
06-02 This finding was corrected in the current year.
06-03 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. 07-02 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.

- 06-04 This finding was corrected in the current year.
06-05 This finding was corrected in the current year.
06-06 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. 07-01 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and the Authority did not inspect dwelling units in a timely manner. Therefore this finding is considered unresolved.

- 06-07 This finding was corrected in the current year.
06-08 This finding was corrected in the current year.
06-09 This finding was corrected in the current year.
06-10 This finding was corrected in the current year.
06-11 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. 07-03. Therefore, this finding is considered unresolved.

- 06-12 This finding was corrected in the current year.
06-13 This finding was corrected in the current year.
06-14 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, 2007

Audit Finding

06-15 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. 07-04 indicative that the Authority's quality control monitoring policies and procedures were ineffective, and the Authority did not inspect units in a timely manner. Therefore this finding is considered unresolved.

06-16 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. 07-05 citing that the Fiscal Division is unable to produce timely financial statements and there is still a 2-to 3 month delay in closing the books each month and at year-end. Therefore this finding is considered unresolved.

06-17 This finding is unresolved.

Auditor's Response:

The plan of corrective action did was implemented in 2007. The Authority engaged an independent consultant subsequent to the fiscal year ending September 30, 2007.

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

05-13 This finding is considered resolved.

05-18 This finding is considered resolved.

04-12 This finding is considered resolved.

04-21 This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs Year Ended September 30, 2007

	<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 2004	\$ 33,588	\$ 33,588	\$ -	\$ -
Total unresolved questioned costs for fiscal year 2005	12,609	12,609	-	-
FY 2007 Questioned costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total unresolved questioned costs at September 30, 2007	<u>\$ 46,197</u>	<u>\$ 26,470</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: The Authority considers the 2004 and 2005 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, 2007

Finding No. 06-01
Program: Low Income Public Housing – Upfront Income Verification (UIV)

Finding:

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.

Corrective Action Stated and Taken:

The HS 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 QC review.

Responsible Party:

Public Housing Manager and Housing Specialist Supervisor

Current Status:

Completed.

Finding No. 06-02
Program: Low Income Public Housing - Utility Allowance Schedule

Finding:

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

Corrective Action Stated and Taken:

Utility Allowance has been updated and approved by the GHURA Board of Commissioners on November 9, 2006

Responsible Party:

Public Housing Manager and Housing Specialist Supervisor

Current Status:

Completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-03

Program: Low Income Public Housing—Missing/Incomplete Documentation

Finding:

Cited as a similar finding in the prior year audit of the Authority.

- a) 44ADAM – fraud affidavit, birth certificate for dependent, community service compliance-certification or exemption; lease did not specify lease period and was not fully completed.
- b) 22JCR – birth certificate for dependent, community service compliance-certification or exemption.
- c) 29BDAM – dwelling lease agreement, community service compliance-certification or exemption; HUD form 50058 only signed not by the Housing Manager.
- d) 3BATIS – community service compliance-certification or exemption.
- e) 18PD – community service compliance-certification or exemption.

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.

Corrective Action Stated and Taken:

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.

Responsible Party:

Public Housing Manager

Current Status:

Corrective action is on-going. 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

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-04
**Program: Low Income Public Housing—Family Report (form HUD-50058) vs.
Third-Party Verification**

Finding:

Cited as a similar finding (#05-03) in the prior year audit of the Authority.

22JCR – SS#s for two tenant's siblings were 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.

The Authority should enforce its existing internal quality control policies and procedures to ensure that information reported on FR agrees with the third-party verifications submitted during the recertification and interim periods. 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.

Corrective Action Stated and Taken:

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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action is complete. 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

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-05
Program: Low Income Public Housing - Annual Recertification

Finding:

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

Corrective Action Stated and Taken:

Procedures are being enforced to ensure the timeliness of annual re-certifications such as Housing Specialists obtaining annual recertification lists and beginning the process at least 90 days before the anniversary date of initial lease. The HS Supervisor would review PIC Reports on a monthly basis to monitor the status of reexaminations for program compliance.

Responsible Party:

Public Housing Manager, Housing Specialist Supervisor and Housing Specialists

Current Status:

Corrective action taken has been completed.

Finding No. 06-06
Program: Low Income Public Housing – Annual Inspections

Finding:

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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-06, continued
Program: Low Income Public Housing – Annual Inspections

Finding:, continued

- 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.
- 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.

Corrective Action Stated and Taken:

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 will evaluate and validate that the staff performed a quality control review and that all requirements have been met and properly documented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-06, continued
Program: Low Income Public Housing – Annual Inspections

Responsible Party:

Public Housing Manager, HS Supervisor, Construction Inspector II, and Housing Specialists.

Current Status:

Corrective action is on-going.

Finding No. 06-07
Program: Low Income Public Housing – Risk Management

Finding:

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.

Corrective Action Stated and Taken:

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.

Responsible Party:

Acting Controller

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-08
Program: Section 8 Housing Choice Voucher – Payment Standard

Finding:

This was cited as a similar finding in the prior year.

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.

Corrective Action Stated and Taken:

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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

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 Board of Commissioners and is effective 11/1/07. Therefore, corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-09
Program: Section 8 Voucher - Utility Allowance Schedule

Finding:

This was cited as a similar finding in the prior year.

The Authority did not have an up-to-date utility allowance schedule for the fiscal year ended September 30, 2006.

Corrective Action Stated and Taken:

The Utility Allowance was updated and approved by the Board of Commissioners on 11/9/06.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action taken has been completed.

Finding No. 06-10
Program: Section 8 Voucher – Eligibility & Rent Reasonableness

Finding:

This was cited as a similar finding in the prior year. For 8 of 30 vouchers selected, the tenant folders had missing documentation or not signed for the period under audit are as following:

- a) 06-1858 – rent reasonableness form
- b) 03-0732 – personal data (SS cards, birth certificates)
- c) 02-0369 – declaration of Section 214 status form
- d) 03-0737 – declaration of Section 214 status form
- e) 06-1661 – termination letter
- f) 03-0799 – termination letter
- g) 04-1031 - HAP contract not signed by manager
- h) 01-0093 – HAP contract not signed by manager
- i) 02-0369 – 4/16/06 interim form HUD-50058 not signed by manager and tenant

For vouchers #06-1858 and #03-0799, it was noted that the eligibility documentation consisted of loose papers and were disorganized in no chronological order and incomplete.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-10, continued
Program: Section 8 Voucher – Eligibility & Rent Reasonableness

Finding: continued

Noted in #06-1858 that HAP contract was signed by Housing Administrator and landlord and had to obtain the following documents from HS Supervisor:

- 1) Inspection report;
- 2) rent reasonableness determination report;
- 3) determination of utility allowance,
- 4) request for tenancy approval form HUD-52517.

Based on inquiries with HS Supervisor, the documents were pulled from the tenant's folder for the next upcoming tenant recertification whose effective date is 7/31/07. Upon further inspection of the missing documents, it was 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 for 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 in high-cost district areas and in the northern village of Dededo. However, the building inspector certified the proposed rent of reasonable.

Corrective Action Stated and Taken:

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 QC reviews to ensure that the staffs are adequately implementing the Authority's method of determining reasonable rent. Supervisors will also conduct QC 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; and monitor for proper documentation in the file.

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. QC reviews to conduct periodic inspections of files to ensure that the tenant eligibility and recertification documentations are accurately prepared and documented properly.

Responsible Party:

Section 8 Housing Administrator and Housing Specialist Supervisors

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

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

Finding:

The following were noted:

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.

Corrective Action Stated and Taken:

The process has been reassessed and new processes are currently being implemented to achieve program compliance.

Staff 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.
3. A quality control review policy has been developed and is being implemented for fiscal year 2007; and

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

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

Corrective Action Stated and Taken:

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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action taken has been completed.

Finding No. 06-12
Program: Section 8 Housing Choice Voucher - Portability

Finding:

For 1 of 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.

Corrective Action Stated and Taken:

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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-12, continued
Program: Section 8 Housing Choice Voucher - Portability

Corrective Action Stated and Taken:

The Section 8 Administrator and the Controller 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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action taken has been completed.

Finding No. 06-13
Program: Section 8 Housing Choice Voucher – Drug Abuse and Criminal Activity

Finding:

There were 14 of 30 vouchers selected for which the Police/Court Clearance was not obtained for the following:

<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

Corrective Action Stated and Taken:

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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

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

Finding:

Initial QC procedures were being performed. However QC sampling methodology and procedures are not clearly documented and there were no documented independent QC review procedures confirming that 98% 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.

Corrective Action Stated and Taken:

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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action taken has been completed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-15

Program: Section 8 Voucher – Housing Quality Standards Inspections

Finding:

1. The inspection report was not on file for voucher #06-1858 for the recertification effective date of 7/1/06.
2. Initial QC 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 QC inspections for re-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 re-inspection.
4. Sampling techniques used for the QC 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 re-inspection.

Corrective Action Stated and Taken:

The Section 8 Administrator has established the QC policies and procedures under SEMAP. These QC policies and procedures outline 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 QC 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.

Responsible Party:

Section 8 Housing Administrator

Current Status:

Corrective action has not been fully implemented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-16
Area: Fiscal Division – Account reconciliations

Finding:

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.

Corrective Action Stated and Taken:

1. The Authority recently hired a Controller whose top priority will be timeliness of financial reporting.
2. The primary reasons for discrepancies are accruals of expenditures (and revenues) in the general ledger. RPE maintains records on a cash basis. Goal is to rely on the general ledger as program books of account, which will be maintained by RPE, for efficiency and economy purposes. The schedule of expenditures of federal awards should be based on the accrual basis of accounting.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-16, continued
Area: Fiscal Division – Account reconciliations

Corrective Action Stated and Taken: continued

3. The primary reasons for discrepancies are accruals of expenditures (and revenues) in the general ledger. RPE maintains records on a cash basis. Goal is to rely on the general ledger as program books of account, which will be maintained by RPE, for efficiency and economy purposes. The schedule of expenditures of federal awards should be based on the accrual basis of accounting.
4. Accounting personnel have received governmental accounting and accounting updates, including recent GASB pronouncements during the fiscal year.
5. Vacation is a planned activity that occurs during the fiscal year. Certain leave, especially those related to medical emergencies, however, cannot be anticipated or planned. Two weeks should not make a significant difference in the timeliness of audit progress or completion.

Responsible Party:

Acting Controller

Current Status:

Corrective action has not been fully implemented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 06-17
Area: Management Information Systems & Automated Clearing House Transactions

Finding:

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.

Corrective Action Stated and Taken:

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:

- 11/06 – MIS will budget and solicit via an RFP an IT audit within the FY08.
- 12/06 – 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.

Responsible Party:

Data Processing Services Administrator

Current Status:

Corrective action has not been fully implemented and the IT audit is expected to completed during FY08.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 05-03
**Program: Low Income Public Housing—Family Report (form HUD-50058) vs.
Third-Party Verification**

Finding:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year #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.

Corrective Action Stated and Taken:

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

Responsible Party:

Section 8 Housing Administrator and the Public Housing Manager

Current Status:

Corrective action is complete. 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

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 05-08
Program: Section 8 Voucher—Missing Documentation

Condition:

The plan of corrective action did not fully resolve the finding. A similar deficiency was cited in current year #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.

Corrective Action Stated and Taken:

Since this audit finding, the proper corrections were made on the Family Reports in regards to inputting the accurate social security numbers and dates of birth for the tenant's dependents. Housing Specialist is working with family to obtain the proper documents and retain within the tenant's folder. 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.

Responsible Party:

Section 8 Housing Administrator and the Public Housing Manager

Current Status:

Corrective action is complete. 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.

Finding No. 05-13
Program: Family Self-Sufficiency (FSS)—Miscalculation of Cumulative FSS Escrow Balance

Finding:

The plan of corrective action did not fully resolve the finding. For 3 of 25 participant files selected, the cumulative balance of the participant's FSS escrow as of September 30, 2005 was miscalculated for the following:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan Federal Award Findings and Questioned Costs September 30, 2007

Finding No. 05-13, continued
Program: Family Self-Sufficiency (FSS)—Miscalculation of Cumulative FSS
Escrow Balance

Corrective Action Stated and Taken:

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

Both the PH Manager and the PH Compliance Officer have been tasked to conduct a full quality review of the FSS case files. Upon completion, the PH Compliance Officer will conduct a quarterly review of the files.

Responsible Party:

Public Housing Manager, Program Development Coordinator and the Program Coordinators II

Current Status:

Corrective action is complete. 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
Financial Data Schedule
September 30, 2007

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	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Health Care and Other Facilities Grant	Total
111	Cash - Unrestricted	\$195,837	\$0	\$0	\$0	\$0	\$0	\$249,635	\$0	\$3,945,164	\$0	\$0	\$950,268	\$0	\$5,251,258
115	Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$94,905	\$0	\$642,959	\$0	\$0	\$74,708	\$0	\$812,470
113	Cash - Other Restricted	\$190,264	\$0	\$0	\$0	\$0	\$0	\$846,640	\$0	\$7,184,266	\$0	\$0	\$25,000	\$0	\$8,046,170
114	Cash - Tenant Security Deposits	\$14,088	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,088
100	Total Cash	\$400,289	\$0	\$0	\$0	\$0	\$10,254	\$991,180	\$0	\$11,772,289	\$0	\$0	\$949,974	\$0	\$14,123,986
122	Accounts Receivable - HUD Other Projects	\$170,348	\$703,926	\$44,910	\$28,244	\$2,588	\$304,708	\$82,610	\$0	\$1,214	\$149,036	\$0	\$0	\$0	\$1,487,484
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$234,456	\$0	\$0	\$234,456
125	Accounts Receivable - Miscellaneous	\$20,258	\$0	\$0	\$0	\$0	\$0	\$30,582	\$0	\$113,783	\$0	\$0	\$32,153	\$0	\$196,776
126	Accounts Receivable - Tenants - Dwelling Rents	\$21,518	\$0	\$0	\$0	\$0	\$0	\$65,374	\$0	\$0	\$0	\$0	\$0	\$0	\$86,922
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	(\$54,016)	\$0	\$0	\$0	\$0	\$0	\$0	(\$54,016)
126.2	Allowance for Doubtful Accounts - Other	\$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	\$4,595	\$0	\$0	\$0	\$0	\$55,994	\$0	\$60,589
120	Total Receivables, net of allowances for doubtful accounts	\$212,154	\$703,926	\$44,910	\$28,244	\$2,588	\$304,708	\$129,145	\$0	\$114,997	\$149,036	\$234,456	\$86,147	\$0	\$2,012,211
131	Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$982,099	\$0	\$64,377	\$0	\$0	\$1,286,871	\$0	\$2,313,347
132	Investments Restricted	\$193,483	\$0	\$0	\$0	\$0	\$0	\$173,729	\$0	\$209,423	\$0	\$0	\$0	\$0	\$576,635
142	Prepaid Expenses and Other Assets	\$9,047	\$923	\$468	\$0	\$0	\$113,852	\$338,815	\$4,198	\$6,051	\$15,388	\$0	\$199	\$0	\$487,851
143	Inventories	\$6,733	\$0	\$0	\$0	\$0	\$0	\$125,464	\$0	\$0	\$0	\$0	\$0	\$0	\$132,197
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$344	\$404,754	\$4,851	\$0	\$0	\$91,873	\$569,436	\$4,118	\$0	\$0	\$0	\$6,282,783	\$0	\$7,358,159
145	Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,985,095	\$0	\$3,985,095
150	Total Current Assets	\$821,050	\$1,109,403	\$50,229	\$28,244	\$2,588	\$520,687	\$3,289,868	\$8,316	\$12,167,147	\$164,424	\$234,456	\$12,593,069	\$0	\$30,989,481
161	Land	\$1,380,000	\$0	\$0	\$0	\$0	\$0	\$2,180,777	\$0	\$0	\$0	\$0	\$185,105	\$0	\$3,675,882
168	Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$957,074	\$0	\$48,370	\$0	\$905,444
162	Buildings	\$2,237,151	\$0	\$0	\$0	\$0	\$0	\$51,332,728	\$0	\$0	\$12,926,423	\$0	\$17,490	\$0	\$76,513,793
163	Furniture, Equipment & Machinery - Dwellings	\$94,460	\$0	\$0	\$0	\$0	\$0	\$804,700	\$0	\$0	\$99,485	\$0	\$0	\$0	\$998,645
164	Furniture, Equipment & Machinery - Administration	\$22,946	\$42,438	\$0	\$0	\$0	\$21,222	\$1,175,556	\$0	\$528,960	\$122,810	\$0	\$246,097	\$0	\$2,160,029
166	Accumulated Depreciation (\$1,458,282)	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,466,980)	\$0	(\$397,743)	(\$72,270)	\$0	(\$94,828)	\$0	(\$51,430,112)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,266,274	\$42,438	\$0	\$0	\$0	\$21,222	\$15,976,792	\$0	\$131,217	\$13,983,514	\$0	\$382,234	\$0	\$32,753,681
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,063,822	\$0	\$1,063,822
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,056	\$0	\$0	\$0	\$0	\$37,056
180	Total Non-Current Assets	\$2,266,274	\$42,438	\$0	\$0	\$0	\$21,222	\$15,976,792	\$0	\$168,273	\$13,983,514	\$0	\$1,446,066	\$0	\$33,854,559
190	Total Assets	\$3,087,324	\$1,151,841	\$50,229	\$28,244	\$2,588	\$541,909	\$19,266,650	\$8,316	\$12,335,420	\$14,097,938	\$234,456	\$14,039,125	\$0	\$64,844,040

Guam Housing and Urban Renewal Authority
Financial Data Schedule
September 30, 2007

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Speci al Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Health Care and Other Facilities Grant	Total
312	Accounts Payable <= 90 Days	\$3,211	\$0	\$0	\$0	\$0	\$8,250	\$107,490	\$0	\$51,754	\$0	\$234,456	\$48,446	\$0	\$453,907
321	Accrued Wage/Payroll Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$594	\$0	\$0	\$0	\$0	\$594
322	Accrued Compensated Absences - Current Portion	\$7,613	\$36,669	\$0	\$0	\$0	\$11,273	\$92,941	\$0	\$69,981	\$6,463	\$0	\$0	\$0	\$224,970
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$362,318	\$0	\$1,661,066	\$0	\$0	\$0	\$0	\$2,023,384
341	Tenant Security Deposits	\$15,008	\$0	\$0	\$0	\$0	\$0	\$165,769	\$0	\$0	\$0	\$0	\$0	\$0	\$180,777
342	Deferred Revenues	\$0	\$394,150	\$5,319	\$3,645	\$1,104	\$67,547	\$4,620	\$8,316	\$0	\$103,702	\$0	\$1,269,378	\$0	\$1,653,381
	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$36,252	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,252
343	Revenue Bonds	\$2,482	\$0	\$0	\$0	\$0	\$0	\$175,740	\$0	\$261,235	\$0	\$0	\$1,519,337	\$0	\$1,958,794
346	Accrued Current Liabilities	\$3,458	\$43,056	\$0	\$0	\$0	\$495	\$0	\$0	\$0	\$25	\$0	\$49,376	\$0	\$56,420
347	Accrued Liabilities - Other	\$534,268	\$595,297	\$4,910	\$24,589	\$1,484	\$422,566	\$572,712	\$0	\$2,019,903	\$42,485	\$0	\$3,109,935	\$0	\$7,358,159
347	Interprogram Due To	\$602,292	\$1,059,212	\$50,229	\$28,244	\$2,568	\$510,131	\$1,481,590	\$8,316	\$4,064,533	\$152,675	\$234,456	\$5,997,072	\$0	\$14,191,338
310	Total Current Liabilities														
	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$1,481,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,481,547
351	Accrued Compensated Absences - Non Current	\$7,976	\$50,191	\$0	\$0	\$0	\$10,556	\$109,404	\$0	\$83,022	\$11,749	\$0	\$0	\$0	\$272,898
353	Noncurrent Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
350	Total Noncurrent Liabilities	\$1,489,523	\$50,191	\$0	\$0	\$0	\$10,556	\$109,404	\$0	\$83,022	\$11,749	\$0	\$0	\$0	\$1,754,445
300	Total Liabilities	\$2,091,815	\$1,109,403	\$50,229	\$28,244	\$2,568	\$520,687	\$1,590,994	\$8,316	\$4,147,555	\$164,424	\$234,456	\$5,997,072	\$0	\$15,945,783
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Invested in Capital Assets, Net of Related Debt	\$748,475	\$42,438	\$0	\$0	\$0	\$21,222	\$15,978,782	\$0	\$131,217	\$13,933,514	\$0	\$4,367,329	\$0	\$35,220,977
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$383,747	\$0	\$0	\$0	\$0	\$0	\$646,640	\$0	\$7,184,266	\$0	\$0	\$25,000	\$0	\$8,239,653
512.1	Unrestricted Net Assets	(\$136,713)	\$0	\$0	\$0	\$0	\$0	\$1,052,234	\$0	\$872,362	\$0	\$0	\$3,649,724	\$0	\$5,437,627
513	Total Equity/Net Assets	\$995,509	\$42,438	\$0	\$0	\$0	\$21,222	\$17,675,656	\$0	\$8,187,855	\$13,933,514	\$0	\$8,042,053	\$0	\$48,898,257
	Total Liabilities and Equity/Net Assets	\$3,097,324	\$1,151,841	\$50,229	\$28,244	\$2,568	\$541,909	\$19,266,650	\$8,316	\$12,335,420	\$14,097,938	\$234,456	\$14,039,125	\$0	\$64,944,040
600															

Guam Housing and Urban Renewal Authority
Financial Data Schedule
September 30, 2007

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Block Grants/Speci at Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Health Care and Other Facilities Grant	Total
703	Net Tenant Rental Revenue	\$76,649	\$0	\$0	\$0	\$0	\$0	\$248,966	\$0	\$0	\$0	\$0	\$0	\$0	\$325,035
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$39,941	\$0	\$0	\$0	\$0	\$0	\$0	\$39,941
705	Total Tenant Revenue	\$76,649	\$0	\$0	\$0	\$0	\$0	\$288,907	\$0	\$0	\$0	\$0	\$0	\$0	\$365,476
706	HUD PHA Operating Grants	\$389,674	\$3,513,516	\$110,728	\$197,669	\$141,787	\$2,791,066	\$3,386,508	\$0	\$31,091,670	\$361,440	\$0	\$0	\$0	\$41,984,058
706.1	Capital Grants	\$0	\$42,438	\$0	\$0	\$0	\$21,222	\$0	\$0	\$0	\$1,926,521	\$0	\$0	\$0	\$1,990,181
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,145,714	\$0	\$392,826	\$1,538,540
711	Investment Income - Unrestricted Proceeds from Disposition of Assets Held for Sale	\$8,571	\$0	\$0	\$0	\$0	\$0	\$44,438	\$0	\$19,753	\$0	\$0	\$56,216	\$0	\$129,978
713	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,500	\$0	\$45,500
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$2,247	\$2,296	\$0	\$0	\$0	\$1,146,906	\$5,329	\$0	\$31,666	\$1,600	\$0	\$103,718	\$0	\$1,293,762
720	Investment Income - Restricted	\$951	\$0	\$0	\$0	\$0	\$0	\$10,330	\$0	\$141,407	\$0	\$0	\$0	\$0	\$152,688
700	Total Revenue	\$478,092	\$3,558,250	\$110,728	\$197,669	\$141,787	\$3,959,194	\$3,735,432	\$0	\$31,284,496	\$2,289,561	\$1,145,714	\$209,434	\$392,826	\$47,499,183

Guam Housing and Urban Renewal Authority
Financial Data Schedule
September 30, 2007

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Grants/Special Purpose Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Health Care and Other Facilities Grant	Total
911	Administrative Salaries	\$97,769	\$369,208	\$2,601	\$0	\$4,983	\$274,765	\$793,878	\$0	\$1,149,244	\$133,220	\$0	\$40,601	\$0	\$2,855,269
912	Auditing Fees	\$2,845	\$5,830	\$0	\$0	\$0	\$2,282	\$22,338	\$0	\$13,471	\$0	\$0	\$0	\$0	\$45,586
914	Compensated Absences	\$4,857	\$45,203	\$0	\$0	\$0	(\$778)	(\$17,716)	\$0	\$5,377	(\$10,134)	\$0	\$0	\$0	\$28,809
915	Employee Benefit Contributions - Administrative	\$27,337	\$114,342	\$868	\$0	\$1,462	\$78,412	\$234,674	\$0	\$351,269	\$40,471	\$0	\$0,269	\$0	\$855,104
916	Other Operating - Administrative	\$24,841	\$481,676	\$107,259	\$197,669	\$135,342	\$1,205,484	\$349,679	\$0	\$256,386	\$138,096	\$0	\$355,733	\$0	\$3,252,165
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$293,504	\$0	\$0	\$0	\$0	\$0	\$0	\$293,504
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$89,081	\$0	\$0	\$0	\$0	\$0	\$0	\$89,081
931	Water	\$29,982	\$314	\$0	\$0	\$0	\$37	\$19,405	\$0	\$1,542	\$0	\$0	\$0	\$0	\$51,281
932	Electricity	\$46,678	\$1,373	\$0	\$0	\$0	\$1,023	\$121,682	\$0	\$16,481	\$0	\$0	\$0	\$0	\$187,237
941	Ordinary Maintenance and Operations - Labor	\$24,387	\$0	\$0	\$0	\$0	\$0	\$493,057	\$0	\$0	\$0	\$0	\$0	\$0	\$457,444
942	Ordinary Maintenance and Operations - Materials and Other	\$1,797	\$2,504,316	\$0	\$0	\$0	\$2,376,697	\$244,587	\$0	\$0	\$0	\$1,145,714	\$0	\$392,826	\$6,665,937
943	Ordinary Maintenance and Operations - Contract Costs	\$1,759	\$0	\$0	\$0	\$0	\$0	\$23,726	\$0	\$365	\$0	\$0	\$0	\$0	\$25,050
945	Employee Benefit Contributions - Ordinary Maintenance	\$8,533	\$0	\$0	\$0	\$0	\$0	\$125,476	\$0	\$0	\$0	\$0	\$0	\$0	\$133,009
952	Protective Services - Other Contract Costs	\$519	\$335	\$0	\$0	\$0	\$173	\$55,494	\$0	\$243	\$0	\$0	\$0	\$0	\$56,764
961	Insurance Premiums	\$19,393	\$3,215	\$0	\$0	\$0	\$1,877	\$184,088	\$0	\$8,966	\$463	\$0	\$0	\$0	\$217,982
962	Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,076	\$50,924	\$0	\$0	\$0	\$71,000
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,161)	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,161)
967	Interest Expense	\$91,923	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,923
969	Total Operating Expenses	\$380,420	\$3,515,812	\$110,728	\$197,669	\$141,787	\$3,937,972	\$2,962,773	\$0	\$1,813,420	\$363,040	\$1,145,714	\$404,603	\$392,826	\$15,366,764
970	Excess Operating Revenue over Operating Expenses	\$97,672	\$42,438	\$0	\$0	\$0	\$21,222	\$772,659	\$0	\$29,471,076	\$1,926,621	\$0	(\$199,169)	\$0	\$32,132,419
973	Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,352,405	\$0	\$0	\$0	\$0	\$28,352,405
974	Depreciation Expense	\$76,649	\$0	\$0	\$0	\$0	\$0	\$2,288,213	\$0	\$49,832	\$20,698	\$0	\$41,354	\$0	\$2,476,546
900	Total Expenses	\$457,069	\$3,515,812	\$110,728	\$197,669	\$141,787	\$3,937,972	\$5,250,986	\$0	\$30,215,457	\$383,738	\$1,145,714	\$445,957	\$392,826	\$46,196,715
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$21,023	\$42,438	\$0	\$0	\$0	\$21,222	(\$1,515,554)	\$0	\$1,069,039	\$1,905,823	\$0	(\$240,523)	\$0	\$1,303,468

Guam Housing and Urban Renewal Authority
Financial Data Schedule
September 30, 2007

Line Item No.	Account Description	Supportive Housing for the Elderly	Community Development Grants/Block Grants/Insular Area	Emergency Shelter Grants Program	Supportive Housing Program	Shelter Plus Care	HOME Investment Partnerships Program	Low Rent Public Housing	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Economic, Social, and Political Development of the Territories	State/Local	Health Care and Other Facilities Grant	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$974,486	\$0	\$0	\$0	\$0	\$0	\$19,191,210	\$0	\$7,118,826	\$12,027,691	\$0	\$8,282,576	\$0	\$47,594,789
1120	Unit Months Available	588	0	0	0	0	0	8,686	0	30,180	0	0	0	0	39,454
1121	Number of Unit Months Leased	576	0	0	0	0	0	8,220	0	30,105	0	0	0	0	38,901
1117	Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,003,599	\$0	\$0	\$0	\$0	\$1,003,599
1118	Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,184,266	\$0	\$0	\$0	\$0	\$7,184,266

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule 1

Salaries, Wages and Benefits Year Ended September 30, 2007

Salaries, wages and benefits:

Salaries	\$ 3,636,858
Retirement benefits	802,800
Benefits other than retirement	271,881
Overtime pay	<u>114,842</u>
Total salaries, wages and benefits	<u>\$ 4,826,381</u>
Employees at end of year	<u>108</u>

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