

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

**SINGLE AUDIT AND HUD REPORTS
And
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

**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**

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

I have audited the financial statements of Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2010, and have issued my report thereon dated February 21, 2011. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control over financial reporting that I consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider Finding No. 2010-2 described in the accompanying Schedule of Findings and Questioned Costs to be 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 Finding 2010-01.

I noted certain matters that I reported to the management of GHURA in a separate letter dated February 21, 2011.

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 solely for the information of the Board of Commissioners and management of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – 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 also a matter of public record.


Hagåtña, Guam
February 21, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON
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) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2010. GHURA's major federal programs are identified in the Summary of Auditor's Results section on page 127 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 Finding 2010-01 in the accompanying Schedule of Findings and Questioned Costs, GHRUA did not comply with financial reporting that is applicable to the Section 8 Housing Choice Vouchers (CFDA 14.871), Public Housing (CFDA 14.850), Public Housing Capital Fund Project (CFDA 14.872), and ARRA – Formula Capital Fund Program (CFDA 14.885). 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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing my opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the GHURA's internal control over compliance.

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. However, I identified a certain deficiency in internal control over compliance that I consider to be significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as Finding Number 2010-01 that I consider to be material weakness.

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of GHURA as of and for the year ended September 30, 2010, and have issued my report thereon dated February 21, 2011. 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 pages 122 and 123 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 management of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – 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. However, this report is also a matter of public record.


Hagåtña, Guam
February 21, 2011

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2010

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2010 Fiscal Year Expenditures</u>
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
14.157	Supportive Housing for the Elderly	\$ 391,443
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	4,287,203 *
14.254	ARRA – Community Development Block Grants/Special Purpose Grants/Insular Area	2,724,691 *
14.231	Emergency Shelter Grants Program	105,313
14.235	Supportive Housing Program	496,227
14.238	Shelter Plus Care	260,131
14.239	HOME Investment Partnerships	1,325,504
14.256	Neighborhood Stabilization Program	100,674 *
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program	631,893 *
14.850a	Low Rent Public Housing	4,593,801 *
14.871	Section 8 Housing Choice Vouchers	35,486,619 *
14.872	Public Housing Capital Fund Program	1,950,876 *
14.885	ARRA – Formula Capital Fund Stimulus	<u>1,136,873 *</u>
	Total HUD Program Award Expenditures	<u>\$ 53,491,248</u>
Passed through the Government of Guam:		
<u>U. S. Department of the Interior</u>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	671,585
<u>U. S. Department of Energy</u>		
81.042	ARRA – Weatherization Assistance for Low-Income Persons	111,031 *
<u>U. S. Department of Health and Human Services</u>		
14.257	ARRA – Health Care and Other Facilities Program	<u>502,332 *</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	\$ 54,776,196
<u>U. S. Department of the Treasury</u>		
Grant No. TDP2009GRGU51		
21.UNKNOWN	ARRA – Section 1602, Grants to States for Low-Income Housing in Lieu of Housing Credits for 2009 (See Note 2)	<u>6,221,797</u>
	Total Expenditures of Federal Awards	<u>\$ 60,997,993</u>
	Percentage of Federal Awards Tested	<u>94%</u>

* Denotes a major program as defined by OMB Circular A-133 and based upon audit requirements imposed in the audit.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2010

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of GHURA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 American Recovery and Reinvestment Act of 2009

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). During fiscal year 2010, the Authority received and expended \$6,221,797 in *Grants to States for Low-Income Housing in Lieu of Housing Credits for 2009* under Section 1602 of the American Recovery and Reinvestment Act of 2009 from the U.S. Department of the Treasury. Pursuant to the U.S. Department of the Treasury, the Section 1602 program, as a program in lieu of tax credits, is not subject to OMB Circular A-133 and are not considered federal financial assistance. Therefore, this program was not considered in the determination of major programs for Single Audit.

Note 3 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, apart from Note 2 above, no other ARRA funds were provided to subrecipients; however, GHURA provided other HUD 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	\$ 353,850
Supportive Housing Program	14.235	606,103
Emergency Shelter Grants Program	14.231	123,822
Shelter Plus Care	14.238	<u>173,712</u>
Total		<u>\$ 1,257,487</u>

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NON-MAJOR HUD PROGRAM TRANSACTIONS**

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

We have audited the financial statements of Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended, and have issued our report thereon dated February 21, 2011.

In connection with that audit and with our consideration of GHURA's internal control used to administer HUD programs, as required by the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, we selected certain transactions applicable to certain non-major HUD-assisted programs for the year ended September 30, 2010.

As required by the Guide, we performed auditing procedures to test compliance with the requirements governing (Activities Allowable or Unallowed, Eligibility, Cash Management, Davis-Bacon Act, Procurement, Suspension and Debarment, Earmarking, Subrecipient Monitoring and Special Tests and Provisions) that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on GHURA's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

This report is intended solely for the information of the Board of Commissioners and management of the Guam Housing and Urban Renewal Authority, the Department of Housing and Urban Development and the Office of the Public Accountability – Guam and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is also a matter of public record.

J. Scott Magliari & Company

Hagåtña, Guam
February 21, 2011

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

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

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2010 and have issued my report thereon dated February 21, 2011.

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, 2010.

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 under the Guide.

This report is intended solely for the information of the management and Board of Commissioners of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – Guam, and the Department of Housing and Urban Development and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.


Hagåtña, Guam
February 21, 2011

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (the Authority) 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 the Authority having ten major programs included an unqualified opinion all programs except for the Section 8 Housing Choice Voucher, Public Housing, Public Housing Capital Fund Project and the ARRA – Formula Capital Fund which expressed a qualified opinion based on an identified significant control deficiency, which, in my opinion, is considered to be a material weakness.

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, 2010

PART I – SUMMARY OF AUDITOR’S RESULTS, continued

The Authority’s major programs are as follows:

<u>CFDA#</u>	<u>PROGRAM</u>
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
14.254	ARRA – Community Development Block Grants/Special Purpose Grants/Insular Areas - (Recovery Act Funded)
14.256	ARRA – Neighborhood Stabilization Program
14.257	ARRA – Homeless Prevention and Rapid Re-Housing Program
14.850	Low Income Housing Assistance Program
14.871	Section 8 Housing Choice Voucher Program (HCV)
14.872	Public Housing Capital Fund Project
14.885	ARRA – Formula Capital Fund Stimulus (formula) Recovery Act Funded
81.042	ARRA – Weatherization Assistance for Low-Income Persons
93.703	ARRA – Health Care and Other Facilities Program

Dollar threshold used to distinguish between type A and type B programs: \$1,643,286

The Authority did not qualify as a low-risk auditee as defined in OMB Circular A-133.

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 2010-03.

<u>Reference</u>	<u>Findings</u>
<u>Number</u> 2010-02	Financial Accounting System

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

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 2010-01 through 2010-03.

<u>Reference Number</u>	<u>CFDA #</u>	<u>Findings</u>	<u>Questioned Costs</u>
2010-1	14.871	Reporting	\$ -
2010-1	14.872	Reporting	-
2010-1	14.885	Reporting	-
Total Questioned Costs			<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2010

Finding No.: 2010 – 01
CFDA Program: 14.850 Low Income Housing Assistance
14.871 Section 8 HCV
14.872 Public Housing Capital Fund Project
14.885 ARRA – Formula Capital Fund Stimulus (formula)
Recovery Act Funded
Area: Reporting – Financial Data Schedule
Questioned Costs: \$0

Criteria:

Under the current reporting model, Public Housing Authorities (PHAs) submit annual financial statements to HUD's Real Estate Assessment Center (REAC) in electronic format utilizing a HUD-prescribed Financial Data Schedule (FDS) through a web-based system known as the Financial Assessment Sub-system for Public Housing (FASS-PH). The FDS includes the balance sheet along with the revenue and expense activity of each program or activity of the PHA.

Unaudited submissions of the FDS are due no later than 2 months after the PHA's fiscal year end; for those entities required to have an audit, the audited submissions are due nine (9) months after the PHA's fiscal year end.

Condition:

The Authority's FDS submission was due to November 30, 2010 or by December 15, 2010 subject to a 15-day waiver approved by HUD which was granted. Based on review of the REAC Certification Statement received by the Authority, the FDS was submitted to REAC on January 5, 2011 or twenty-one (21) days late.

Cause:

The Authority was unable to close its books and prepare financial statements in a timely manner due a lack of qualified staff.

Effect:

The Authority is not in compliance with REAC reporting requirements. The Low Rent Program FASS score may be reduced by one (1) point for every 15 days late and the Section 8 HCV Program's monthly administrative fee could be reduced 10% each month until submitted.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2010

Finding No.: 2010 – 01, Continued
CFDA Program: 14.850 Low Income Housing Assistance
14.871 Section 8 HCV
14.872 Public Housing Capital Fund Project
14.885 ARRA – Formula Capital Fund Stimulus (formula)
Recovery Act Funded
Area: Reporting – Financial Data Schedule
Questioned Costs: \$0

Recommendation:

The Authority should recruit qualified accountants to fill vacant positions to assist the Fiscal Division. Additionally, the Authority should review and evaluate the Fiscal Division's processes to streamline and simplify its month-end closing procedures. 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.

Auditee Response and Corrective Action Plan:

We agree with this finding. Unfortunately, the Accountant III hired in March 2009 left the Authority in October 2010. Currently, the Fiscal Division is looking for a qualified accountant to fill the vacancy. The Division has also met to streamline processes and ease the burden for year-end closing. Standard operating procedures will have to be reviewed and updated as needed.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2010

Finding No.: 2010 – 02
CFDA Program: All Programs
Area: Financial Accounting System
Questioned Costs: \$0

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:

We continue to observe that the Fiscal Division is unable to produce the current and complete financial statements on a monthly and annual basis in a timely manner. There is a consistent 2-to 3 month delay in closing books each month and at fiscal year-end.

In addition, numerous accounts were not properly reconciled during the year in a timely manner. As result, considerable time was spent reconciling account balances subsequent to September 30, 2010.

Cause:

The Authority lacks a sufficient number of qualified accountants and its accounting processes and chart of accounts use for allocating cost among its numerous programs is inefficient and cumbersome.

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, 2010

Finding No.: 2010 – 02, Continued
CFDA Program: All Programs
Area: Financial Accounting System
Questioned Costs: \$0

Recommendation:

The Authority should consider hiring additional qualified accountants knowledgeable in governmental accounting to alleviate the continued strain on existing personnel and to ensure all transactions are recorded and reporting in a timely manner.

The Fiscal Division should evaluate its existing chart of accounts used for coding and allocating cost and consider revising such where needed.

Significant account balances should be reconciled on a monthly and timely basis. Standard operating policies and procedures should be developed, documented 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.

Auditee Response and Corrective Action Plan:

We agree with this finding. As stated on the previous finding's response, the Fiscal Division is looking for an Accountant III who is knowledgeable in governmental accounting to fill the gap and to ensure the accountability of all transactions as well as the timeliness of reporting. The supervisors must continue to meet to streamline the processes and update procedures as necessary.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2010

Audit Finding

2009 – 01	This finding is considered resolved.
2009 – 02	This finding is considered resolved.
2009 – 03	This finding is considered resolved.
2009 – 04	This finding is considered resolved.
2009 – 05	This finding is considered resolved.
2009 – 06	This finding is considered resolved.
2009 – 07	This finding was not fully corrected. The Authority's Plan of Corrective Action did not fully resolve this finding. A similar deficiency was cited in current year Finding No. 2010 – 02.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs Year Ended September 30, 2010

	<u>Beginning Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2009 Questioned costs	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total unresolved questioned costs at September 30, 2010	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Note 1: The Authority did not have any unresolved Questioned Costs as of September 30, 2010.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2010

Finding No. 2009 – 04
Program: Section 8 Housing Choice Voucher--Rent Reasonableness

Finding:

The comparables used were not for units in the same location.

- 1) 04-0982-proposed unit in Dededo compared to Agat; no justification for comparison
- 2) 03-0836-proposed unit in Barrigada compared to Yigo and Dededo; no justification for comparison
- 3) 07-1745-proposed unit in Tamuning compared to Yigo and Dededo; no justification for comparison

Corrective Action Stated and Taken:

Measures to correct this deficiency include: (1) for accuracy and consistency, the task of determining rent reasonableness has been reassigned to a supervisory staff; (2) procedures are being established to ensure federal guidelines are being followed in the processing of comparables; (3) comparables used from a different location must be due to the unavailability of a comparable source and the reasons and unsuccessful efforts to obtain the sources from the same location must be adequately documented.

Responsible Party:

S8 Administrator, Housing Specialist Supervisors, Housing Specialists

Current Status:

Corrective action has implemented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2010

Finding No. 2009 – 07
Program: Financial Accounting System

Finding:

Fiscal Division is unable to produce current and complete financial statements timely.

- 1) Unable to produce the current and complete financial statements on a monthly and annual basis.
- 2) Consistent 2-3 month delay in closing books each month and at fiscal year-end.

Corrective Action Stated and Taken:

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; therefore, 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 auditors.

Responsible Party:

Controller; Deputy Controller

Current Status:

Corrective action has not been fully implemented, as a similar finding was cited in Finding No. 2010 – 02.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule 1

Salaries, Wages and Benefits For the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Salaries	\$ 3,992,849	\$ 3,856,752
Retirement benefits	1,024,761	956,566
Benefits other than retirement	262,524	294,498
Overtime pay	<u>79,079</u>	<u>79,538</u>
Total salaries, wages and benefits	<u>\$ 5,359,213</u>	<u>\$ 5,187,354</u>
Employees at end of year	<u>115</u>	<u>110</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program for the years ended September 30, 2010 and 2009.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash - restricted	\$ -	\$ -
Accounts Receivable - HUD	626,021	634,841
Prepaid and other assets	<u>1,691</u>	<u>1,169</u>
Total current assets	627,712	636,010
Capital assets, net	<u>39,905</u>	<u>46,825</u>
Total Assets	<u>\$ 667,617</u>	<u>\$ 682,835</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,978	\$ 120,000
Due to other funds	484,714	402,978
Accrued salaries and wages	9,314	7,359
Compensated absences - current	3,959	4,104
Deferred revenues	<u>17,578</u>	<u>22,937</u>
Total current liabilities	517,543	557,378
Compensated absences - noncurrent	<u>110,169</u>	<u>78,631</u>
Total liabilities	627,712	636,009
Net Assets:		
Invested in capital assets, net of related debt	39,905	46,826
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total net assets	<u>39,905</u>	<u>46,826</u>
Total Liabilities and Net Assets	<u>\$ 667,617</u>	<u>\$ 682,835</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Revenues, Expenses and Changes in Net Assets
September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
Revenues:		
Federal contributions	\$ 4,287,202	\$ 2,997,587
Other	4,904	9,295
Total Revenues	4,292,106	3,006,882
Operating expenses:		
Repairs and maintenance	3,026,140	1,281,842
Other	475,054	1,021,769
Administrative salaries	464,361	457,742
Employee benefits	144,333	137,974
Management fees	61,750	85,500
Professional fees	13,272	13,872
Advertising and marketing	10,236	11,871
Depreciation	6,921	6,921
Office expense	56,569	-
Travel	5,925	-
Compensated absences	31,393	(6,569)
Insurance	3,073	2,749
Protective services	-	132
Total operating expenses	4,299,027	3,013,803
Operating loss	(6,921)	(6,921)
Non-operating revenues:		
Interest income	-	-
Capital Grants	-	-
Total non-operating revenues	-	-
Change in net assets	(6,921)	(6,921)
Total net assets, beginning of year	46,826	53,747
Total net assets, end of year	\$ 39,905	\$ 46,826

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Cash Flows

September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
Cash flows from operating activities:		
Cash flows from operating activities:	\$ 4,290,662	\$ 2,997,587
Operating grants received	4,904	9,295
Receipts from customers	(3,804,387)	(2,411,166)
Payments to suppliers	(491,179)	(595,716)
Net cash provided by (used in) operating activities	-	-
Cash flows from capital and related financing activities:		
Acquisition of fixed assets	-	-
Net cash used in capital and related financing activities	-	-
Cash flows from investing activities:		
Increase in 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 loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (6,921)	\$ (6,921)
Adjustments to reconcile net loss to net cash provided by (used) operating activities:		
Depreciation	6,921	6,921
(Increase) decrease in assets:		
Accounts receivable - HUD	8,819	19,230
Prepaid and other assets	(522)	2,688
Increase (decrease) in liabilities:		
Accounts payable - Due to other funds	(118,022)	56,429
Compensated absences	31,393	(89,304)
Due to other funds	81,736	
Accrued salaries and wages	1,955	4,934
Deferred revenues	(5,359)	6,023
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
SUPPLEMENTAL INFORMATION**

LOW INCOME PUBLIC HOUSING

Statement of Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash:		
Cash - General Fund	\$ 25,085	\$ 21,081
Restricted Cash - FSS Escrow	-	-
Restricted Cash - other	-	-
Total cash	<u>25,085</u>	<u>21,081</u>
Accounts receivable:		
Tenants	33,391	47,256
Promissory notes	254	5,943
HUD	(37,819)	812
Due from other programs	7,839,526	6,026,456
Interest	342	585
	<u>7,835,694</u>	<u>6,081,052</u>
Allowance for doubtful accounts	(5,340)	(33,144)
Total accounts receivable	<u>7,830,354</u>	<u>6,047,908</u>
Inventories	<u>185,293</u>	<u>193,964</u>
Investments:		
General fund	1,014,527	1,009,713
Restricted - security deposits	<u>183,196</u>	<u>182,327</u>
Total investments	<u>1,197,723</u>	<u>1,192,040</u>
Prepaid and other current assets	<u>26,767</u>	<u>38,913</u>
Total current assets	<u>9,265,222</u>	<u>7,493,906</u>
Noncurrent assets:		
Capital assets:		
Land	2,130,777	2,130,777
Infrastructure	651,548	651,548
Buildings and improvements, at cost	71,505,111	71,505,111
Furniture and equipment, at cost	2,089,137	2,011,409
Accumulated depreciation	<u>(56,856,519)</u>	<u>(54,584,118)</u>
Net capital assets	<u>19,520,054</u>	<u>21,714,727</u>
Total assets	<u>\$ 28,785,276</u>	<u>\$ 29,208,633</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

LOW INCOME PUBLIC HOUSING

Statement of Net Assets, Continued
September 30, 2010
(With comparative totals as of September 30, 2009)

<u>LIABILITIES AND NET ASSETS</u>	<u>2010</u>	<u>2009</u>
Liabilities:		
Payable to HUD	\$ -	\$ 532
Tenant security deposits	118,234	113,600
Due to other funds	145,498	380,211
Accrued salaries and wages	23,006	16,605
Compensated absences, current portion	13,338	8,839
Other current liabilities	916	916
Accrued liabilities	<u>54,834</u>	<u>24,793</u>
Total accounts payable	355,826	545,496
Deferred credits	<u>(12,216)</u>	<u>-</u>
Total current liabilities	<u>343,610</u>	<u>545,496</u>
Noncurrent liabilities:		
Compensated absences, net of current portion	114,394	133,095
Other - sick leave, net of current portion	<u>91,162</u>	<u>-</u>
Total noncurrent liabilities	<u>205,556</u>	<u>133,095</u>
Total liabilities	<u>549,166</u>	<u>678,591</u>
Net assets:		
Invested in capital assets, net of related debt	19,520,054	23,551,670
Restricted	183,196	182,327
Unrestricted	<u>8,532,860</u>	<u>4,796,045</u>
Total net assets	<u>28,236,110</u>	<u>28,530,042</u>
Total liabilities and net assets	<u>\$ 28,785,276</u>	<u>\$ 29,208,633</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

LOW INCOME PUBLIC HOUSING

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2010
(With comparative totals as of September 30, 2009)

	2010	2009
Operating revenues:		
HUD PHA Operating Grants	\$ 4,593,801	\$ 4,160,590
Tenant rental income	414,777	215,980
Other income	82,811	70,096
Total operating revenues	5,091,389	4,446,666
Operating expenses:		
Depreciation	2,272,402	2,489,814
Management fees	494,077	559,820
Ordinary maintenance - salaries	389,813	499,464
Administrative salaries	332,861	306,280
Tenant services - salaries	253,220	229,368
Ordinary repairs and maintenance	331,022	226,184
Insurance	177,627	182,529
Employee benefits - ordinary maintenance	122,835	149,446
Utilities	143,879	143,542
Offices supplies	131,538	112,436
Employee benefits - administrative	110,363	97,236
Asset management fees	90,000	90,000
Employee benefits - tenant services	87,841	73,252
Bookkeeping fees	65,827	65,429
Other administrative expenses	262,288	60,572
Protective services	38,062	50,269
Legal and professional fees	9,308	23,406
Advertising and marketing	6,326	7,924
Payments in-lieu of taxes	30,041	7,005
Travel	3,026	-
Casualty loss	-	(9,700)
Bad debts	(22,681)	(35,718)
Compensated absences	76,959	(71,846)
Total operating expenses	5,406,634	5,256,712
Operating loss	(315,245)	(810,046)
Non-operating revenues:		
Interest on general fund investments	7,572	31,722
Other income	13,741	13,987
Total non-operating revenues	21,313	45,709
Changes in net assets	(293,932)	(764,337)
Total net assets, beginning of year	28,530,042	29,294,379
Total net assets, end of year	\$ 28,236,110	\$ 28,530,042

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

LOW INCOME PUBLIC HOUSING

Statement of Cash Flows
For the Year Ended September 30, 2010
(With comparative totals as of September 30, 2009)

	2010	2009
Cash flows from operating activities:		
Operating grants received	\$ 4,587,766	\$ 4,462,264
Receipts from customers	465,752	286,076
Payments to suppliers	(4,018,483)	(3,517,769)
Payments to employees	(969,492)	(1,283,200)
Net cash provided by (used in) operating activities	65,543	(52,629)
Cash flows from capital and related financing activities:		
Acquisition of fixed assets	(82,762)	(48,146)
Net cash used in capital and related financing activities	(82,762)	(48,146)
Cash flows from investing activities:		
Interest and other income received	21,313	117,910
Net cash used in investing activities	21,313	117,910
Net increase in cash and cash equivalents	4,094	17,135
Cash and cash equivalents at beginning of year	21,081	3,946
Cash and cash equivalents at end of year	\$ 25,175	\$ 21,081
Reconciliation of operating loss assets to net cash provided by operating activities:		
Operating loss	\$ (315,245)	\$ (810,046)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,272,402	2,489,814
Bad debts	(22,681)	(35,718)
(Increase) decrease in assets:		
Accounts receivable:		
Promissory notes	(245)	(1,086)
Tenants	(36,225)	(10,217)
HUD	6,181	(1,064)
Due from other funds	(1,813,070)	(1,420,166)
Inventories	8,671	(90,624)
Prepaid and other assets	12,146	15,434
Increase (decrease) in liabilities:		
Compensated absences	76,960	(71,846)
Accounts payable - HUD	(532)	-
Due to other funds	(151,679)	(137,342)
Accrued salaries and wages	6,401	16,605
Security deposits	4,634	(9,201)
Accrued liabilities	30,041	6,090
Other liabilities	-	916
Deferred credits	(12,216)	5,822
Net cash provided by operating activities	\$ 65,543	\$ (52,629)

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash:		
Unrestricted	\$ 2,893,117	\$ 1,978,266
Restricted - FSS escrow account	362,638	834,861
Total cash	<u>3,255,755</u>	<u>2,813,127</u>
Accounts receivable:		
HUD	-	-
Due from other funds	(2,211)	1,400
Interest	82	14,759
Other	211,368	219,046
Total accounts receivable	<u>209,239</u>	<u>235,205</u>
Prepaid expenses and other assets	<u>2,789</u>	<u>5,298</u>
Investments:		
Unrestricted	2,063,473	2,935,538
Restricted reserve fund	3,109,485	2,202,003
Total investments	<u>5,172,958</u>	<u>5,137,541</u>
Total current assets	<u>8,640,741</u>	<u>8,191,171</u>
Noncurrent assets:		
Capital Assets:		
Land, structures, and equipment	653,507	541,442
Accumulated depreciation	(503,571)	(479,962)
Total capital assets, net	149,936	61,480
Deferred assets	<u>37,056</u>	<u>37,056</u>
Total noncurrent assets	<u>186,992</u>	<u>98,536</u>
Total assets	<u>\$ 8,827,733</u>	<u>\$ 8,289,707</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 51,754	\$ 51,754
Accrued salaries and wages	21,461	17,601
Due to HUD	-	405,634
Due to other funds	4,576,560	3,669,504
Compensated absences, current portion	9,068	7,917
Other current liabilities	356,276	369,888
Total current liabilities	<u>5,015,119</u>	<u>4,522,298</u>
Noncurrent Liabilities:		
Compensated absences, net of current portion	101,923	93,574
Other liabilities - sick leave	50,657	42,059
Total noncurrent liabilities	<u>152,580</u>	<u>135,633</u>
Total Liabilities	<u>5,167,699</u>	<u>4,657,931</u>
Net Assets:		
Invested in capital assets, net of related debt	149,936	61,480
Restricted	3,109,485	2,202,003
Unrestricted	400,613	1,368,293
Total Net Assets	<u>3,660,034</u>	<u>3,631,776</u>
Total Liabilities and Net Assets	<u>\$ 8,827,733</u>	<u>\$ 8,289,707</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Revenues, Expenses and Changes in Net Assets

For the Year Ended September 30, 2010

(With comparative totals for the year ended of September 30, 2009)

	2010	2009
Operating revenues:		
Housing Assistance Payments	\$ 35,487,619	\$ 31,841,115
Other income	-	-
Total operating revenues	35,487,619	31,841,115
Operating expenses:		
Housing assistance payments	32,670,091	31,460,029
Administrative salaries	1,063,706	1,026,246
Other administrative expenses	816,628	191,006
Management fees	521,710	504,975
Employee benefit contribution	332,214	365,699
Bookkeeping fees	219,878	218,948
Office expense	97,002	-
Bad debts	44,958	-
Professional fees	34,592	29,719
Travel	25,655	8,551
Utilities	23,716	25,062
Depreciation	23,609	25,485
Compensated absences	18,097	(10,459)
Insurance	8,731	5,992
Repairs and maintenance	1,580	1,099
Advertising and marketing	602	2,147
Protective Services	120	102
Total operating expenses	35,902,889	33,854,601
Operating loss	(415,270)	(2,013,486)
Non-operating revenues:		
Interest on operating reserve investments	24,736	3,663
Interest on general fund investments	274,646	111,475
Fraud recovery	119,972	96,424
Other income	24,174	269
Total non-operating revenues	443,528	211,831
Change in net assets	28,258	(1,801,655)
Total net assets, beginning of year	3,631,776	5,433,431
Total net assets, end of year	\$ 3,660,034	\$ 3,631,776

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Cash Flows

For the Year Ended September 30, 2010

(With comparative totals for the year ended of September 30, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Operating grants received	\$ 35,487,619	\$ 31,841,115
Assistance paid	(32,670,091)	648,461
Payments to suppliers	(1,607,984)	(31,460,029)
Payments to employees	<u>(1,077,943)</u>	<u>(1,391,945)</u>
Net cash provided by (used in) operating activities	<u>131,601</u>	<u>(362,398)</u>
Cash flows from capital and related financing activities:		
Fixed asset acquisitions	<u>(106,943)</u>	<u>(4,982)</u>
Net cash flows used for capital and related financing activities	<u>(106,943)</u>	<u>(4,982)</u>
Cash flows from investing activities:		
Interest income received	458,970	(5,135)
Increase (decrease) in restricted assets	<u>(41,000)</u>	<u>1,414,018</u>
Net cash provided by investing activities	<u>417,970</u>	<u>1,408,883</u>
Net decrease in cash and cash equivalents	442,628	1,041,503
Cash and cash equivalents at beginning of year	<u>2,813,127</u>	<u>1,771,624</u>
Cash and cash equivalents at end of year	<u>\$ 3,255,755</u>	<u>\$ 2,813,127</u>
Unrestricted cash	\$ 2,349,331	\$ 1,978,266
Restricted cash	<u>906,424</u>	<u>834,861</u>
Total cash and cash equivalents at end of year	<u>\$ 3,255,755</u>	<u>\$ 2,813,127</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Cash Flows, Continued

For the Year Ended September 30, 2010

(With comparative totals for the year ended of September 30, 2009)

	2010	2009
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (415,270)	\$ (2,013,486)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,609	25,485
Bad debts	44,958	-
(Increase) decrease in assets:		
Accounts receivable:		
Due from other funds	3,611	31,968
Other	13,621	(75,580)
Prepaid expenses and other assets	2,509	1,639
Increase (decrease) in liabilities:		
Accounts payable:		
Due to HUD	(405,634)	-
Accrued salaries and wages	3,860	17,007
Compensated absences and sick leave	18,098	(10,459)
Due to other funds	855,851	1,575,764
Other current liabilities	(13,612)	85,264
	\$ 131,601	\$ (362,398)

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

SUPPORTIVE HOUSING FOR THE ELDERLY

Statements of Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
<u>ASSETS</u>		
Current assets:		
Cash:		
Unrestricted	\$ 90,776	\$ 455,377
Restricted	375,997	191,478
Security deposits - restricted	14,766	15,066
Total cash	481,539	661,921
Accounts receivable:		
Tenants	10,354	3,308
HUD	214,829	-
Interest	58	100
Other	2,070	2,070
Total accounts receivable	227,311	5,478
Restricted/reserved investments	204,026	203,058
Inventories	8,504	3,582
Prepaid and other current assets	2,145	1,551
Total current assets	923,525	875,590
Noncurrent assets:		
Capital assets:		
Land	1,380,000	1,380,000
Buildings, property and equipment, net	731,932	785,270
Capital assets, net	2,111,932	2,165,270
Total Assets	\$ 3,035,457	\$ 3,040,860
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 44,000	\$ 41,000
Accounts payable	2,067	1,943
Due to other funds	808,578	745,827
Security deposits	14,766	13,732
Accrued liabilities	1,212	1,306
Compensated absences - current portion	420	529
Total current liabilities	871,043	804,337
Noncurrent liabilities:		
Long-term debt, net of current portion	1,356,541	1,401,123
Compensated absences	6,484	8,071
Other liabilities	-	558
Total noncurrent liabilities	1,363,025	1,409,752
Total liabilities	2,234,068	2,214,089
Net assets:		
Invested capital assets, net of related debt	711,391	723,147
Restricted	594,789	394,535
Unrestricted	(504,791)	(290,911)
Total net assets	801,389	826,771
Total Liabilities and Net Assets	\$ 3,035,457	\$ 3,040,860

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

SUPPORTIVE HOUSING FOR THE ELDERLY

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2010
(With comparative totals as of September 30, 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
HUD PHA grants	\$ 391,443	\$ 387,482
Tenant income	<u>90,689</u>	<u>77,732</u>
 Total operating revenues	 <u>482,132</u>	 <u>465,214</u>
 Operating expenses:		
Utilities	129,691	90,361
Depreciation	74,192	77,691
Salaries and wages	62,379	78,822
Management fees	36,332	36,641
Employee benefits	22,866	23,360
Insurance	10,359	8,978
Office expense	6,483	-
Repairs and maintenance	6,104	17,180
Advertising and marketing	691	2,052
Legal and professional fees	344	4,445
Protective services	237	164
Travel	203	-
Compensated absences	(2,253)	(6,108)
Other expenses	<u>81,349</u>	<u>22,347</u>
 Total operating expenses	 <u>428,977</u>	 <u>355,933</u>
 Operating income	 <u>53,155</u>	 <u>109,281</u>
 Non-operating revenues (expense):		
Interest income on unrestricted investments	1,804	4,397
Interest income on restricted investments	520	478
Interest expense	(84,897)	(86,059)
Other income	<u>4,036</u>	<u>3,771</u>
 Total non-operating expenses, net	 <u>(78,537)</u>	 <u>(77,413)</u>
 Change in net assets	 (25,382)	 31,868
 Total net assets at beginning of year	 <u>826,771</u>	 <u>794,903</u>
 Total net assets at end of year	 <u>\$ 801,389</u>	 <u>\$ 826,771</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

SUPPORTIVE HOUSING FOR THE ELDERLY

Statements of Cash Flows
For the Year Ended September 30, 2010
(With comparative totals as of September 30, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Operating grants received	\$ 183,311	\$ 387,482
Receipts from customers	84,677	210,919
Payments to suppliers	(254,161)	(204,484)
Payments to employees	<u>(52,310)</u>	<u>(87,512)</u>
Net cash provided by (used in) operating activities	<u>(38,483)</u>	<u>306,405</u>
Cash flows from capital and related financing activities:		
Interest paid	(84,897)	(86,059)
Repayment of note payable	(41,582)	(40,966)
Acquisition of fixed assets	<u>(20,854)</u>	<u>(5,380)</u>
Net cash used in capital and related financing activities	<u>(147,333)</u>	<u>(132,405)</u>
Cash flows from investing activities:		
Interest and other income received	6,402	8,801
Deposits to restricted accounts	<u>(968)</u>	<u>(3,628)</u>
Net cash provided by investing activities	<u>5,434</u>	<u>5,173</u>
Net increase in cash and cash equivalents	(180,382)	179,173
Cash and cash equivalents at beginning of year	<u>661,921</u>	<u>482,748</u>
Cash and cash equivalents at end of year	<u>\$ 481,539</u>	<u>\$ 661,921</u>
Cash and cash equivalents consist of the following:		
Cash	\$ 90,776	\$ 455,377
Security deposits	14,766	15,066
Restricted cash, including time deposits	<u>375,997</u>	<u>191,478</u>
Total cash and cash equivalents at end of year	<u>\$ 481,539</u>	<u>\$ 661,921</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

SUPPORTIVE HOUSING FOR THE ELDERLY

Statements of Cash Flows, Continued
For the Year Ended September 30, 2010
(With comparative totals as of September 30, 2009)

	2010	2009
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 53,155	\$ 109,281
Adjustments to reconcile change in net assets provided by operating activities:		
Depreciation	74,192	77,691
(Increase) decrease in assets:		
Accounts receivable:		
Tenants	(7,046)	(1,640)
HUD	(214,829)	-
Other	-	(941)
Inventories	(4,922)	2,204
Prepaid and other assets	(594)	926
Increase (decrease) in liabilities:		
Accounts payable	124	1,726
Due to other funds	62,751	133,269
Accrued salaries and wages	-	(8,690)
Security deposits	1,034	(1,313)
Compensated absences	(1,696)	(4,540)
Other liabilities	(652)	(1,568)
	\$ (38,483)	\$ 306,405
Net cash used in operating activities	\$ (38,483)	\$ 306,405

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Net Assets
September 30, 2010
(With comparative totals as of September 30, 2009)

	2010	2009
<u>ASSETS</u>		
Current assets:		
Cash	\$ -	\$ 10,164
Accounts Receivable:		
HUD	383,250	328,921
Due from other funds	34,848	99,325
Prepaid and other assets	402	532
Total current assets	418,500	438,942
Capital assets, net	17,833	18,963
Total	\$ 436,333	\$ 457,905
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Vendors	\$ 8,281	\$ 8,250
Due to other funds	339,835	377,652
Accrued salaries and wages	3,676	3,236
Compensated absences - current	3,053	2,210
Deferred revenues	5,254	5,254
Total current liabilities	360,099	396,602
Noncurrent liabilities:		
Compensated absences -noncurrent	30,949	25,822
Other liabilities - sick leave	27,452	16,518
Total noncurrent liabilities	58,401	42,340
Total liabilities	418,500	438,942
Net assets:		
Invested in capital, net of related debt	17,833	18,963
Restricted	-	-
Unrestricted	-	-
Total net assets	17,833	18,963
Total	\$ 436,333	\$ 457,905

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Revenues, Expenses and Changes in Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

	<u>2010</u>	<u>2009</u>
Revenues:		
PHA Operating grants	\$ 1,325,504	\$ 1,084,801
Other	<u>434,381</u>	<u>111,237</u>
Total Revenues	<u>1,759,885</u>	<u>1,196,038</u>
Operating expenses:		
Repairs and maintenance	977,911	439,841
Administrative salaries	215,729	208,476
Employee benefits	65,053	55,941
Management fees	33,250	56,700
Compensated absences	16,903	8,302
Office expense	34,322	-
Travel	2,355	8,979
Professional fees	2,052	3,012
Adversting and marketing	685	5,680
Depreciation	1,130	1,129
Insurance	699	1,361
Protective services	69	57
Other	<u>410,857</u>	<u>407,689</u>
Total operating expenses	<u>1,761,015</u>	<u>1,197,167</u>
Operating loss	<u>(1,130)</u>	<u>(1,129)</u>
Non-operating revenues:		
Capital grants	-	-
Other income	<u>-</u>	<u>-</u>
Total non-operating revenues	<u>-</u>	<u>-</u>
Change in net assets	(1,130)	(1,129)
Total net assets, beginning of year	<u>18,963</u>	<u>20,092</u>
Total net assets, end of year	<u>\$ 17,833</u>	<u>\$ 18,963</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Cash Flows

September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
Cash flows from operating activities:		
Operating grants received	\$ 1,271,175	\$ 1,084,801
Receipts from customers	434,381	111,237
Payments to suppliers	(1,490,268)	(967,869)
Payments to employees	(225,452)	(228,169)
	(10,164)	-
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Acquisition of fixed assets	-	-
	-	-
Net cash used in investing activities		
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	(10,164)	-
Cash and cash equivalents at beginning year	10,164	10,164
	-	-
Cash and cash equivalents at end of year	\$ -	\$ 10,164
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Operating loss	\$ (1,130)	\$ (1,129)
Adjustments to reconcile change in net assets to net provided by (used in) operating activities:		
Depreciation	1,130	1,129
(Increase) decrease in assets:		
Accounts receivable - HUD	(54,329)	(100,400)
Accounts receivable - Due from other funds	64,477	(64,203)
Prepaid and other assets	(15,771)	115
Increase (decrease) in liabilities:		
Accounts payable	31	-
Accrued salaries and wages	441	3,236
Compensated absences	6,739	8,302
Accounts payable - Due to other funds	(11,752)	198,801
Deferred revenues	-	(45,851)
	-	(45,851)
Net cash provided by (used in) operating activities	\$ (10,164)	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION

REVOLVING FUND
Statement of Net Assets
September 30, 2010

(With comparative totals as of September 30, 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash:		
Unrestricted	\$ 713,788	\$ 511,563
Restricted	100,371	100,183
Total cash	<u>814,159</u>	<u>611,746</u>
Accounts Receivable:		
Due from other funds	3,017,570	2,737,568
Other	34,117	287,023
Travel advances	-	-
Allowance for doubtful accounts - other	(6,600)	(3,675)
Total accounts receivable	<u>3,045,087</u>	<u>3,020,916</u>
Prepaid and other assets	<u>68,633</u>	<u>103,056</u>
Total current assets	3,927,879	3,735,718
Noncurrent Assets:		
Capital Assets:		
Land	41,598	41,598
Furniture and equipment	37,434	37,434
Accumulated depreciation	(37,434)	(37,434)
	<u>41,598</u>	<u>41,598</u>
Total assets	<u>\$ 3,969,477</u>	<u>\$ 3,777,316</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Due to other funds	\$ 1,454,659	\$ 1,324,854
Vendors	7,355	2,563
Other	2,134,013	2,302,390
Other accrued liabilities	138,206	178,835
Deferred revenues	30,540	29,540
Total liabilities	<u>3,764,773</u>	<u>3,838,182</u>
Net assets:		
Invested in capital assets, net of related debt	41,598	41,598
Restricted	100,371	100,183
Unrestricted	62,735	(202,647)
Total net assets (deficit)	<u>204,704</u>	<u>(60,866)</u>
Total liabilities and net assets	<u>\$ 3,969,477</u>	<u>\$ 3,777,316</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

REVOLVING FUND

Statement of Revenues, Expenses and Changes in Net Assets

September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
Operating revenues:		
Other Government Grants	\$ 3,878,823	\$ 738,338
Other	544	5,172
Total operating revenues	3,879,367	743,510
Operating Expenses:		
Repairs and maintenance	3,878,823	738,338
Bad debts	2,925	(1,225)
Administrative salaries	973	-
Employee benefits	312	-
Advertising and marketing	264	-
Other	21,052	51,142
Total operating expenses	3,904,349	788,255
Operating income (loss)	(24,982)	(44,745)
Non-operating revenues:		
Investment income	129	151
Other income	290,423	-
Total non-operating revenues	290,552	151
Change in net assets	265,570	(44,594)
Total deficit at beginning of year	(60,866)	(16,272)
Total net assets (deficit) at end of year	\$ 204,704	\$ (60,866)

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTAL INFORMATION**

REVOLVING FUND
Statement of Cash Flows
September 30, 2010

(With comparative totals as of September 30, 2009)

	2010	2009
Cash flows from operating activities:		
Operating grants received	\$ 3,879,367	\$ 743,510
Receipts from customers	-	306,387
Payments to suppliers	(3,966,499)	(789,480)
Payments to employees	(1,285)	-
	(88,417)	260,417
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Interest and other income received	290,830	-
	290,830	-
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	202,413	260,417
Cash and cash equivalents at beginning of year	611,746	351,329
Cash and cash equivalents at end of year	\$ 814,159	\$ 611,746
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (24,982)	\$ (44,745)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	-
Bad debts	2,925	(1,225)
(Increase) decrease in assets:		
Accounts receivable:		
Due from other funds	(280,002)	(864,694)
Travel advances	-	24,000
Other	252,906	(252,567)
Prepaid expenses and other assets	34,423	(9,966)
Increase (decrease) in liabilities:		
Accounts payable:		
Due to other funds	129,805	11,449
Vouchers	4,792	2,235,652
Other	(168,655)	(941,354)
Other accrued liabilities	(40,629)	107,667
Deferred revenues	1,000	(3,800)
	(88,417)	260,417
Net cash provided by (used in) operating activities	\$ (88,417)	\$ 260,417

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