

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

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

**And Additional Information**

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**For The Year Ended September 30, 2008**

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

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**September 30, 2008**

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## 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, 2008, 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, 2008, 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 22 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 schedule on page 146 is also presented for purpose of additional analysis. This schedules is 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 June 3, 2009 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.

  
Hagåtña, Guam  
June 3, 2009

# **Guam Housing and Urban Renewal Authority**

## **Management Discussion and Analysis September 30, 2008**

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, 2008. We encourage readers to consider the information presented here in conjunction with the Authority’s financial statements, which begin on page 23.

Please read it in conjunction with the Authority’s financial statements, which follow this section. The annual financial report consists of four parts, management’s discussion and analysis (this section), the basic financial statements, the accompanying footnotes, and the supplementary information.

### **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**

Created in 1962, the GHURA’s goal is to provide adequate housing and community planning for those who live in any of our communities and receive assistance through our various rental and home ownership programs. Our programs are designed to support our clients and enable them to fulfill goals for themselves and their families. Our goal is to create opportunities for our client’s successful participation in the workforce, and housing in the private/public sector.

The GHURA’s staff’s commitment to Excellence is the foundation for facilitating our clients’ goals. We aggressively pursue partnerships with public and/or private entities to allow for the implementation of programs beneficial to our clients.

Neighborhood by neighborhood, we are changing the definition of public housing. Public housing no longer means fencing off a property where no one from outside the “project” dares to wander in. Today, it means modernizing our developments that blend in and become part of the surrounding community.

At GHURA, we welcome constructive suggestions, regarding how we can improve our services. We look forward to meeting the affordable housing needs for the island of Guam.



# Guam Housing and Urban Renewal Authority

## Management Discussion and Analysis September 30, 2008

### **Financial Highlights**

The Authority had revenues of \$45,052,862 and expenses of \$48,165,859 for the year ended September 30, 2008 (\$47,499,183 and \$46,195,715 for the year ended September 30, 2007), representing a decrease of \$2,446,321 and increase of \$1,970,144 (approximately 5.2% and 4.1%), respectively, from September 30, 2007.

Total assets of the Authority decreased by \$5,305,722 or approximately 9.2% as of September 30, 2008 (\$1,297,297 and approximately 2.3% as of September 30, 2007).

The Authority's cash and cash equivalents at September 30, 2008 totaled \$13,931,724, a decrease of \$3,082,244, or approximately 18.1% from September 30, 2007.

The Authority's working capital decreased by \$1,592,673, or approximately 9.4% at September 30, 2008.

### **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.

# Guam Housing and Urban Renewal Authority

## Management Discussion and Analysis September 30, 2008

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

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

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

### **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 28 through 51 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 114 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.

### **The Authority’s Funds**

#### Business Type Funds

#### **Public Housing - Asset Management Projects**

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. The Public Housing Program is operated under an Annual Contributions Contract

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

### **Management Discussion and Analysis September 30, 2008**

(ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide housing at a rent that is based on 30% of household income.

The intention of asset management is to improve the short- and long-term management of public housing through more accurate information and better decision-making. By converting to asset management, we had three main advantages to offer our clients: increased efficiency, improved accountability, and better planning for the future.

This transition to asset management further represents an effort to align public housing with accepted practice in the private housing market. HUD has move public housing away from the traditional "Government Housing era" to the present model of private property management. The multi-family housing industry has long considered asset management to be an essential component of a successful real estate operation. Physical needs assessments, income and expense statements, and debt service coverage ratios represent the language of the for-profit housing industry.

Each AMP has a manager directly responsible for not only the AMP's budget, but also for the daily operation of public housing residents' homes. AMP managers oversee resident services, work orders, income reexaminations, evictions, etc.

GHURA owns and operates 750 Public Housing units consisting of four Asset Management Properties (AMP): AMP 1 - Central Site Base, AMP 2 - Southeast Site Base, AMP 3 - Southwest Site Base, and AMP 4 - Northern Site Base. These site bases consist of the following developments:

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

AMP 2 – Southeast Site Base consists of 163 units located at Yona, Inarajan, and Talofof and Talofof Elderly.

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

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

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 FY2008, the Authority had 704 units leased with an occupancy rate of 95%. For the fiscal year ended September 30, 2008, the Authority received \$3.5 million in Operating Subsidy funds and \$1.6 million in Capital Fund Program funds.

# **Guam Housing and Urban Renewal Authority**

Management Discussion and Analysis  
September 30, 2008

## **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 \$1.5 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**

GHURA administers 2,515 vouchers and receives an average of \$2.5 million per month to pay out to the landlords, tenant utility allowances, and the family self-sufficiency program. HUD provides ACC funding to enable the Authority to structure a lease that sets the participants' rents at 30% of the household income.

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.

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

## **Homeownership**

GHURA's Section 8 Homeownership Program was implemented in 2004. The objective of the program is to graduate Section 8 families into homeownership. Currently, there are 51 families on the wait list for homeownership. Unfortunately, at least 90 percent of the families on the wait list require credit repair and/or homeownership education and counseling.

# **Guam Housing and Urban Renewal Authority**

Management Discussion and Analysis  
September 30, 2008

## **Project-based Program**

GHURA administers the Guma Trankilidat Elderly Program, which is subsidized under the HUD Multi-family Project-based Program. The Project-based program is tied to the Section 515 loan through Rural Development. The Guma Trankilidat Program provides 49 single unit homes for elderly age 62 years and older and persons with disabilities. The Program was established in 1981 to provide safe, decent and sanitary housing for elderly households.

## **Section 8 Family Unification Program**

Family unification vouchers are made available to families for whom the lack of adequate housing is a primary factor in the separation, or threat of imminent separation, of children from their families or in the prevention of reunifying children with their families. Family unification vouchers enable these families to lease or purchase decent, safe and sanitary housing that is affordable in the private housing market.

## **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.

## **COMMUNITY PLANNING AND DEVELOPMENT FUNDS**

On a yearly basis, Guam receives funds from HUD's Office of Community Planning and Development (CPD) to address housing and community needs in Guam. The Guam Housing and Urban Renewal Authority (GHURA) is the administrator of these funds from HUD CPD on Guam's behalf, as received in the form of three formula grants - the Community Development Block Grant (CDBG), the Home Investment Partnership Grant (HOME), and the Emergency Solutions Grant (ESG). Guam also administers funds competitively awarded under the Continuum of Care (CoC), grants for the Supportive Housing Program (SHP) and the Shelter Plus Care (S+C) Program to address the needs of homeless populations.

For Fiscal Year 2008, a total of \$4,252,355 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$587,307 were approved for activities in FY2008. Project selection was based on the review of applications submitted by community groups for activities which would satisfy the needs and goals outlined in the report "Guam's FY2005-2009 Consolidated Plan".

# **Guam Housing and Urban Renewal Authority**

Management Discussion and Analysis  
September 30, 2008

## **Community Development Block Grants (CDBG)**

The Authority engages in community development activities for the benefit of low- and moderate income populations throughout the island. Guam receives CDBG funding for economic development, public service programs, the construction and development of public facilities and other improvements, as well as for the administration and planning of these activities. Funding is determined on an annual basis by HUD. In FY2008, CDBG funds were used to engage in a diverse array of projects.

*Economic Development* – Guam funded the Pacific Islands Microcredit Institute (PIMI), an organization providing business training and micro-loans to low and moderate-income persons for the purpose of funding business ventures.

*Public Service* – The Salvation Army Corps Guam received funds for the operations and services of the Lighthouse Recovery Center (LRC) and the Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop). LRC and FSC/One-Stop are community organizations providing housing assistance (LRC only) and other services to individuals and families of low- and very-low income.

*Public Facilities and Improvements* – Construction activities are at the heart of most of CDBG-funded activities. In FY08, GHURA oversaw the development and construction of two new community facilities serving the needs of Guam's youth population – (1) Dededo Skate Park, (2) Lagu Youth Resource Center. GHURA is also engaged in the development of a new Lighthouse Recovery Center (LRC), a transitional housing facility for homeless men in substance abuse recovery.

## **Emergency Shelter Grant (ESG)**

The Emergency Shelter Grant program provides funding for activities serving homeless populations. ESG can assist with the operational costs of a shelter facility, for essential services, for homeless prevention assistance for low-income persons at imminent risk of becoming homeless, and for the administration of the grant. In FY2008, Guam funded the operations of the LRC. ESG funds were also awarded to FSC/One-Stop to fund their provision of essential services and management of a homeless prevention program.

## **Home Investment Partnerships Program (HOME)**

In FY08, HOME funds are awarded for homeowner and homebuyer activities benefitting low and moderate income persons.

*Homeowner Assistance* – In FY2008, HOME funds were used to assist homeowners to make essential improvements or correct substandard deficiencies to their homes. The GHURA-administered Homeowner Rehabilitation Loan Program (REHAB) assisted 12 families to sustain or extend the useful physical and economic life of their primary homes by funding such improvements as roof-hardening, plumbing upgrades, electrical system overhauls, and weatherization. To date, the Authority has assisted 106 households who improved their living conditions. The program contributes to the sustainability of Guam's existing housing stock.

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

### **Management Discussion and Analysis September 30, 2008**

*Homebuyer Assistance* – GHURA administers funds awarded for the Sagan Bonita Affordable Housing Project (Bonita). The Bonita project is a joint venture between the Micronesia Self-Help Housing Corporation, GHURA, and the Guam office of the U.S. Dept. of Agriculture, Rural Development, to develop and construct 56 units of affordable housing for purchase by income eligible individuals and families. HUD monies were awarded to fund the purchase of the lot and for the development of on-site infrastructure improvements.

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

GHURA's Shelter Plus Care Program (S + C) provides rental assistance to homeless individuals. To qualify for assistance, participants must be homeless and disabled by chronic alcohol or drug problems, serious mental illness, or other disabilities. In addition to receiving a rental subsidy, Shelter Plus Care participants receive support services through a network of local service agencies.

In FY2008, 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, assessment, and supportive 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:

1. Achieve residential stability,
2. Increase their skill levels and/or incomes, and
3. Obtain greater self-determination (i.e. more influence over decisions that affect their lives).

#### **State and Local Funds**

These Funds consist of various community projects funded through the local government and grants-in aid. They also include 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.

# Guam Housing and Urban Renewal Authority

## Management Discussion and Analysis September 30, 2008

TABLE 1

### STATEMENT OF NET ASSETS

	2008 (in millions of dollars)	2007 (in millions of dollars)	2006 (in millions of dollars)
Current Assets	\$ 19.9	\$23.6	\$17.9
Capital Assets and Other, Net	31.0	32.8	37.2
Other Non-Current Assets	<u>1.3</u>	<u>1.1</u>	<u>1.1</u>
Total Assets	<u>\$ 52.2</u>	<u>\$57.5</u>	<u>\$56.2</u>
Current Liabilities	\$ 4.5	\$ 6.8	\$ 6.7
Long-Term Debt, Net	1.4	1.5	1.6
Other Non-Current Liabilities	<u>0.5</u>	<u>0.3</u>	<u>0.3</u>
Total Liabilities	<u>6.4</u>	<u>8.6</u>	<u>8.6</u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	33.3	35.2	35.6
Restricted	4.7	8.3	0.5
Unrestricted	<u>7.8</u>	<u>5.4</u>	<u>11.5</u>
Total Net Assets	<u>\$45.8</u>	<u>\$ 48.9</u>	<u>\$47.6</u>

During 2008, there was an overall decrease in assets of \$5.3 million (\$1.3 million in 2007). The increase was primarily attributable to current year operations and period charges. A net decrease in cash of \$9.4 million which was due Housing Choice Voucher program (\$8.0 million) funds transferred to short term investments, a decrease in program funding for Low Income Housing (\$1.0 million); investment increased \$6.3 million from transferred funds; and capital assets and properties held for sale had a net decrease of \$1.8 million (additions, deletions, depreciation and reduction in properties held for sale).

For more detailed information see pages 23 through 24 for the Statement of Net Assets.



# Guam Housing and Urban Renewal Authority

## Management Discussion and Analysis September 30, 2008

### 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, 2008.

**TABLE 2**

### CHANGE IN UNRESTRICTED NET ASSETS

	<b>2008 Amount (millions of dollars)</b>	<b>2007 Amount (millions of dollars)</b>	<b>2006 Amount (millions of dollars)</b>
Unrestricted Net Assets at End of Year	\$7.8	\$ 5.4	\$11.5
Results of Operations	(3.1)	1.3	3.2
Adjustments:			
Depreciation (1)	3.0	2.4	2.4
Adjusted Results from Operations	<u>(0.1)</u>	<u>3.7</u>	<u>5.6</u>
Reclassification to Restricted Assets	3.7	(7.8)	0.0
Capital Activity, net	(1.2)	(2.0)	(0.3)
Prior period adjustment	<u>0.0</u>	<u>0.0</u>	<u>1.7</u>
Unrestricted Net Assets at Beginning of Year	<u>\$5.4</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 Discussion and Analysis September 30, 2008

### TABLE 3

#### STATEMENT OF REVENUES AND EXPENSES

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

	2008	2007	2006
	(millions of dollars)	(millions of dollars)	(millions of dollars)
Revenues:			
Operating Subsidies and Grants	\$38.5	\$43.5	\$37.8
Capital Grants	1.4	2.0	0.8
Other Income	4.6	1.3	2.5
Tenant Revenue – Rents and Other	0.3	0.4	0.3
Investment Income	<u>0.3</u>	<u>0.3</u>	<u>0.1</u>
Total Revenue	<u>45.1</u>	<u>47.5</u>	<u>41.5</u>
Expenses:			
Housing Assistance Payments	29.7	28.3	24.6
Maintenance	3.5	7.2	2.4
Administrative	10.6	7.1	7.7
Depreciation	3.0	2.5	2.5
Tenant Services	0.3	0.4	0.5
General and Other	0.8	0.4	0.4
Utilities	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>
Total Expenses	<u>48.2</u>	<u>46.2</u>	<u>38.3</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$(3.1)</u>	<u>\$1.3</u>	<u>\$3.2</u>

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

##### Revenues

##### Tenant Revenue

Tenant related revenue, which accounted for 0.42% of total current year revenues, decreased by \$137,341, or approximately 42.2%, from the prior year. This decrease is attributed to a decline in tenant charges for the period and increased past due incidents.

# Guam Housing and Urban Renewal Authority

## Management Discussion and Analysis September 30, 2008

### Operating Subsidies and Grants

Operating subsidies, operating and capital grant revenue decreased by a net \$5.6 million, or approximately 12.4% from the prior year. The net decrease resulted primarily from decreases of \$2.3 million in Housing Choice Voucher program activities; \$0.6 million in Capital Grant program activities; decrease of \$2.6 million in HOME programs; decrease of \$1.1 million in Department of the Interior Compact Impact funds (DOI); and \$0.4 million in Community Health Centers grant funds.

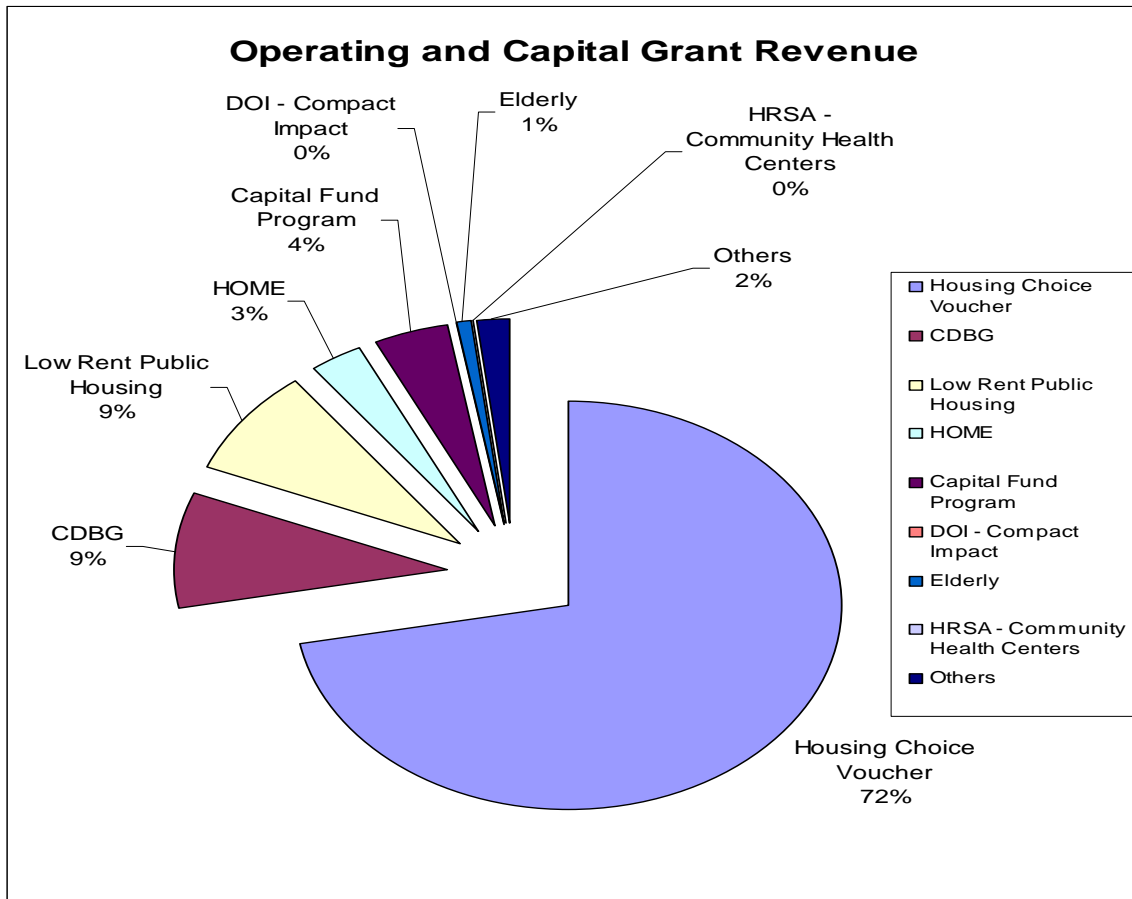
The following table and chart summarizes the major program sources of operating and capital grant revenue for 2008.

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

<u>Program</u>	<u>2008</u> <u>(in millions)</u>	<u>As a %</u>	<u>2007</u> <u>(in millions)</u>	<u>As a %</u>	<u>2006</u> <u>(in millions)</u>	<u>As a %</u>
Housing Choice Voucher	\$28.7	71.9%	\$31.1	68.3%	\$30.1	78.0%
CDBG	3.7	9.2%	3.6	7.8%	2.1	5.4%
Low Rent Public Housing	3.5	8.7%	3.4	7.4%	3.1	7.8%
HOME	1.2	3.1%	2.8	6.2%	0.8	2.1%
Capital Fund Program	1.6	4.2%	2.3	5.0%	1.1	3.1%
DOI – Compact Impact	0.0	0.0%	1.1	2.5%	0.0	0.3%
Elderly	0.4	1.0%	0.4	0.9%	0.4	1.0%
HRSA – Com. Health Ctr.	0.0	0.0%	0.4	0.9%	0.1	0.3%
Others	<u>0.8</u>	<u>1.9%</u>	<u>0.4</u>	<u>0.9%</u>	<u>0.9</u>	<u>0.5%</u>
<b>Total</b>	<b><u>\$39.9</u></b>	<b><u>100.0%</u></b>	<b><u>\$45.5</u></b>	<b><u>100.0%</u></b>	<b><u>\$38.6</u></b>	<b><u>100.0%</u></b>

# Guam Housing and Urban Renewal Authority

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## Other Revenue

Other income consists of program income, land sales, interest earned on investments, and includes other income realized from the desegregation of public housing through long-standing net liabilities of approximately \$2.8 million.

## Expenses

### *Operating Expenses*

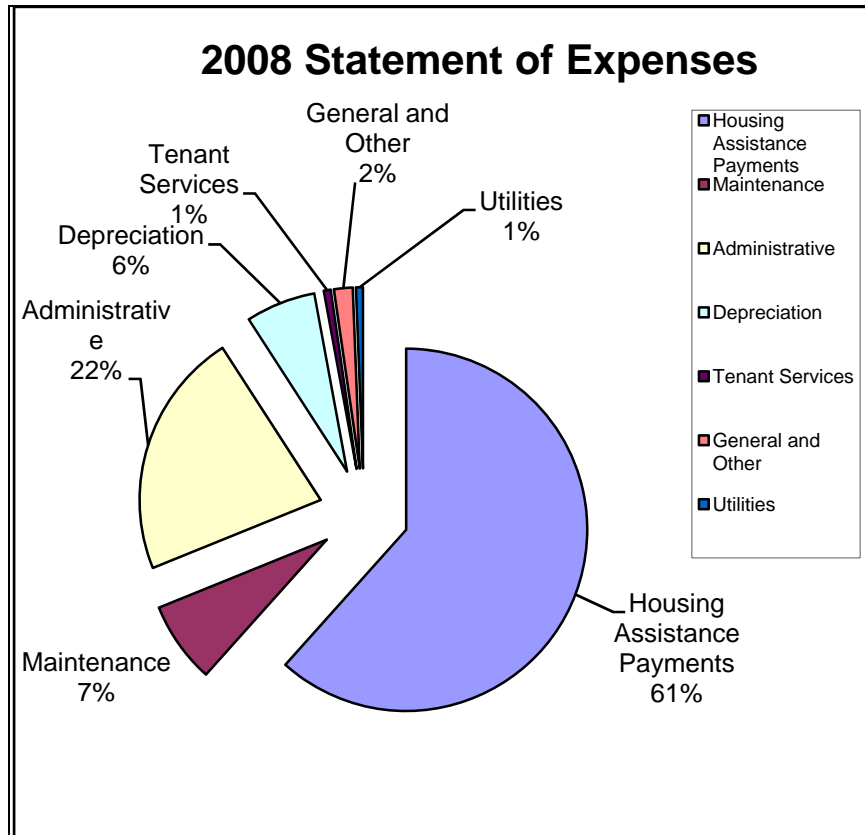
Operating expenses totaled \$15.4 million in 2008 (\$15.4 million in 2007), which represents a flat change from prior year. Administrative expense was approximately 23.5% of total revenues in 2008 (14.9% of revenues in 2007).

### *Other Expenses*

During 2008, there was a 4.7% increase in housing assistance payment activity for the Section 8 Housing Choice Voucher program due to higher unit leasing levels (6.9% decrease in 2007). Housing assistance payment expenses increased by approximately \$1.3 million in 2008 (increase of \$3.7 million in 2007).

# Guam Housing and Urban Renewal Authority

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## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2008, the Authority had approximately \$31 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (net of additions and depreciation) of \$1,755,075, or approximately 5.4% from the end of last year (\$237,206 in 2007 or approximately 1.0%).

**Guam Housing and Urban Renewal Authority**

Management Discussion and Analysis  
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**TABLE 4**

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

	Business-type Activities		
	2008	2007	2006
Land and land rights	\$ 3,675,882	\$ 3,675,882	\$ 3,675,882
Buildings	78,598,505	77,419,237	75,540,535
Equipment – Administrative	2,146,722	2,160,029	1,875,039
Equipment – Dwelling	1,064,427	988,645	912,996
Accumulated Depreciation	<u>(54,486,930)</u>	<u>(51,490,112)</u>	<u>(49,013,566)</u>
Total	<u>\$30,998,606</u>	<u>\$32,753,681</u>	<u>\$32,990,886</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 43 of the Notes to the accompanying financial statements.

**Guam Housing and Urban Renewal Authority**

Management Discussion and Analysis  
September 30, 2008

**TABLE 5**

**CHANGE IN CAPITAL ASSETS**  
Business Type Activities

	2008	2007	2006
Balance at Beginning of Year	\$32,753,681	\$32,990,886	\$34,534,055
Additions	1,673,213	2,239,341	917,695
Dispositions/Transfers	(431,470)	-	(759)
Depreciation	(2,996,818)	(2,476,546)	(2,460,105)
Balance at End of Year	\$30,998,606	\$32,753,681	\$32,990,886

Major additions are summarized as follows:

	2008	2007	2006
Business – Type Activities:			
Capital Improvements Programs (modernization completed on variety of the Authority’s Public Housing buildings)	\$ 1,610,738	\$ 1,878,802	\$ 839,227
Building improvements and plans	-	-	-
Land purchase	-	-	-
Equipment Purchases	<u>62,475</u>	<u>360,639</u>	<u>78,468</u>
Total Additions	<u>\$1,673,213</u>	<u>\$ 2,239,341</u>	<u>\$ 917,695</u>

Debt Outstanding

As of year-end, the Authority had \$1,483,089 in debt (mortgage loan) outstanding compared to \$1,517,799 last year, for a \$34,710 decrease (debt retirement):

**Table 6**

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

	2008	2007	2006
Business Type			
RD Loan- Guma Trankilidat	\$1.48	\$1.52	\$1.55

# Guam Housing and Urban Renewal Authority

Management Discussion and Analysis  
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**TABLE 7**

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

	2008	2007	2006
Cash flows (used) provided by operating activities	\$ (1.4)	\$ 3.3	\$ 6.3
Cash flows used in capital and related financing Activity	(1.6)	(2.2)	(0.9)
Cash flows used in investing activities	<u>(6.4)</u>	<u>(0.2)</u>	<u>(0.3)</u>
Net increase (decrease) in cash and cash equivalents	(9.4)	0.9	5.1
Cash and cash equivalents at beginning of year	<u>14.1</u>	<u>13.2</u>	<u>8.1</u>
Cash and cash equivalents at end of year	<u>\$ 4.7</u>	<u>\$ 14.1</u>	<u>\$ 13.2</u>
Reconciliation of operating income (loss) to net cash (used) provided by operating activities			
Net income (loss)	\$ (3.1)	\$ 1.3	\$ 3.2
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:			
Depreciation	3.0	2.5	2.5
Bad debts	0.2	0.0	0.0
Prior period adjustment	0.0	0.0	1.7
(Increase) decrease in assets	(0.4)	(0.8)	(0.2)
Increase (decrease) in liabilities	<u>(1.1)</u>	<u>0.3</u>	<u>(0.9)</u>
Net cash (used) provided by operating activities	<u>\$ (1.4)</u>	<u>\$ 3.3</u>	<u>\$ 6.3</u>

In 2008, net increase in cash flows arose primarily from operation of the Housing Choice Voucher and the Low Rent Public Housing program, and the Astumbo affordable housing project.

### **Economic factors**

Significant economic factors that affect the Authority are as follows:

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



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

### **Management Discussion and Analysis September 30, 2008**

will affect 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 with 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.

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.

# **Guam Housing and Urban Renewal Authority**

## **Management Discussion and Analysis September 30, 2008**

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

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

#### *Systems*

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

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

#### *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 Discussion and Analysis  
September 30, 2008

### *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. Benny A. Pinaula, Executive Director, Guam Housing and Urban Renewal Authority, 117 Bien Venida Avenue, Sinajana, Guam 96910. Mr. Pinaula can also be contacted by telephone at (671) 475-1378.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Statement of Net Assets

September 30, 2008

Assets	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
<b>Current assets:</b>									
Cash: (Notes 1 and 2)									
Unrestricted	\$ 3,631,005	\$ -	\$ -	\$ 3,946	\$ 1,019,961	\$ 10,164	\$ -	\$ 276,704	\$ 2,320,230
Restricted - other (Notes 3 and 11)	1,042,657	-	-	-	751,663	-	-	190,999	99,995
Restricted - Security Deposits	15,045	-	-	-	-	-	-	15,045	-
Total cash	4,688,707	-	-	3,946	1,771,624	10,164	-	482,748	2,420,225
Accounts receivable:									
Notes receivable - current portion (Note 4)	43,564	-	-	4,857	-	-	-	-	38,707
Tenants (Note 1)	38,707	-	-	37,039	-	-	-	1,668	-
Travel advances	24,000	-	-	-	-	-	-	-	24,000
HUD	950,575	-	427,903	280	-	228,109	267,034	27,249	-
Due from other funds (Notes 1 and 5)	-	(8,693,154)	-	4,559,900	-	35,122	-	-	4,098,132
Interest	14,959	-	-	1,266	11,516	-	-	255	1,922
Other	753,017	-	-	-	143,466	-	-	1,129	608,422
Allowance for doubtful accounts	1,824,822	(8,693,154)	427,903	4,603,342	154,982	263,231	267,034	30,301	4,771,183
Total accounts receivable, net	1,788,383	(8,693,154)	427,903	4,576,838	154,982	263,231	267,034	30,301	4,761,248
Investments (Notes 2 and 3):									
Unrestricted	2,600,310	-	-	991,670	282,216	-	-	-	1,326,424
Restricted/reserved by fiscal agent	6,642,707	-	-	179,069	6,264,208	-	-	199,430	-
Total investments	9,243,017	-	-	1,170,739	6,546,424	-	-	199,430	1,326,424
Prepaid and other current assets	166,868	-	3,069	44,098	6,937	1,179	239	2,477	108,869
Inventories (Note 1)	216,110	-	-	210,324	-	-	-	5,786	-
Other real estate (Notes 1 and 6)	3,777,177	-	-	-	-	-	-	-	3,777,177
Total current assets	19,880,262	(8,693,154)	430,972	6,005,945	8,479,967	274,574	267,273	720,742	12,393,943
Noncurrent assets:									
Capital assets, net (Notes 1 and 7)	30,998,606	-	53,747	24,156,394	81,983	20,092	4,028,082	2,237,581	420,727
Notes receivable - noncurrent (Note 4)	1,038,299	-	-	-	-	-	-	-	1,038,299
Other assets	262,992	-	-	-	37,056	-	-	-	225,936
Total noncurrent assets	32,299,897	-	53,747	24,156,394	119,039	20,092	4,028,082	2,237,581	1,684,962
Total assets	\$ 52,180,159	\$ (8,693,154)	\$ 484,719	\$ 30,162,339	\$ 8,599,006	\$ 294,666	\$ 4,295,355	\$ 2,958,323	\$ 14,078,905

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
Statement of Net Assets, Continued  
September 30, 2008

	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	
<b>Liabilities</b>										
<b>Current liabilities:</b>										
Current portion of note payable (Note 8)	\$ 38,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,000	\$ -	
Vendors/contractors	127,244	-	-	-	51,754	8,250	-	217	67,023	
Current portion of compensated absences	42,895	-	6,409	27,300	13,158	2,574	473	1,775	(8,794)	
Current portion of HUD settlement (Note 18)	113,522	-	-	-	113,522	-	-	-	-	
HUD - other	405,634	-	-	-	405,634	-	-	-	-	
Due to other funds (Note 5)	-	(8,693,154)	325,809	517,553	2,155,438	178,971	59,604	635,321	4,820,458	
Security deposits	137,846	-	-	122,801	-	-	-	15,045	-	
Accounts payable other	-	-	-	-	-	-	-	-	-	
Accrued salaries and wages	10,590	-	-	-	594	-	-	9,996	-	
Accrued liabilities	211,823	-	-	18,703	-	-	-	-	193,120	
Deferred revenues	2,216,785	-	15,859	(4,877)	-	51,105	200,825	4,486	1,949,387	
Other current liabilities	1,228,541	-	-	-	284,624	-	-	-	943,917	
Total current liabilities	4,532,880	(8,693,154)	348,077	681,480	3,024,724	240,900	260,902	704,840	7,965,111	
<b>Noncurrent liabilities:</b>										
Long-term portion of note payable (Notes 8 and 9)	1,445,089	-	-	-	-	-	-	1,445,089	-	
Long-term portion of HUD settlement (Note 18)	-	-	-	-	-	-	-	-	-	
Accrued compensated absences (Notes 1 and 9)	438,563	-	82,895	186,480	140,851	22,428	6,371	11,365	(11,827)	
Other liabilities (Notes 1 and 9)	17,168	-	-	-	-	11,246	-	2,126	3,796	
Total noncurrent liabilities	1,900,820	-	82,895	186,480	140,851	33,674	6,371	1,458,580	(8,031)	
Total liabilities	6,433,700	(8,693,154)	430,972	867,960	3,165,575	274,574	267,273	2,163,420	7,957,080	
<b>Net assets: (Note 11)</b>										
Invested capital assets, net of related debt	33,292,694	-	53,747	24,156,394	81,983	20,092	4,028,082	754,492	4,197,904	
Restricted	4,636,688	-	-	-	4,221,259	-	-	390,429	25,000	
Unrestricted	7,817,077	-	-	5,137,985	1,130,189	-	-	(350,018)	1,898,921	
Total net assets	45,746,459	-	53,747	29,294,379	5,433,431	20,092	4,028,082	794,903	6,121,825	
Total liabilities and net assets	\$ 52,180,159	\$ (8,693,154)	\$ 484,719	\$ 30,162,339	\$ 8,599,006	\$ 294,666	\$ 4,295,355	\$ 2,958,323	\$ 14,078,905	

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, 2008

	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	
<b>Operating revenues:</b>										
Tenant rental income	\$ 188,294	\$ -	\$ -	\$ 132,624	\$ -	\$ -	\$ -	\$ 55,670	\$ -	\$ -
HUD PHA Operating Grants	38,465,495	-	3,676,567	3,486,508	28,670,874	1,248,874	229,108	1,153,764	-	-
Other Federal Grants	3,098	-	-	-	-	-	-	3,098	-	-
Management fees	1,604,179	-	-	-	-	-	-	-	1,604,179	-
Property sales	5,927	-	-	-	-	-	-	-	5,927	-
Other income	125,558	-	1,937	65,810	-	2,000	3,209	-	52,602	-
<b>Total operating revenues</b>	<b>40,392,551</b>	<b>-</b>	<b>3,678,304</b>	<b>3,684,942</b>	<b>28,670,874</b>	<b>1,250,874</b>	<b>232,317</b>	<b>1,212,532</b>	<b>1,662,708</b>	<b>-</b>
<b>Operating expenses:</b>										
Housing assistance payments	29,670,456	-	-	-	29,670,456	-	-	-	-	-
Other	4,829,815	-	633,626	239,911	92,206	441,207	44,049	744,450	2,634,366	-
Repairs and maintenance	3,641,514	-	2,386,174	682,226	18,789	425,349	-	40,352	88,624	-
Depreciation	2,996,818	-	3,882	2,611,770	56,733	1,130	198,931	75,567	48,805	-
Administrative salaries and wages	2,910,366	-	421,725	246,313	938,224	224,772	32,296	59,527	987,509	-
Management and bookkeeping fees	1,604,179	-	70,550	664,965	638,266	48,847	146,271	35,280	-	-
Employee benefits	873,056	-	125,524	74,336	280,607	64,371	9,631	25,801	292,786	-
Utilities	312,283	-	-	146,903	26,032	-	-	104,271	35,077	-
Tenant service	301,539	-	-	295,596	-	-	-	-	5,943	-
Bad debts	282,961	-	-	77,632	-	-	-	191,488	13,841	-
Professional fees	222,228	-	35,753	13,050	30,813	9,750	3,000	49,503	80,359	-
Insurance	210,236	-	2,186	175,058	9,212	1,068	202	13,375	9,135	-
Travel	93,268	-	-	20,975	13,674	3,152	3,152	480	55,467	-
Protective services	60,371	-	352	58,493	357	116	-	1,543	573	-
Advertising and marketing	26,606	-	-	4,972	2,419	7,302	5,085	-	5,285	-
Office rent	20,393	-	-	-	-	-	-	-	20,393	-
Payments in-lieu of taxes	17,788	-	-	17,788	-	-	-	-	-	-
Compensated absences	757	-	2,414	11,436	1,005	14,418	(11,369)	(322)	(16,825)	-
<b>Total operating expenses</b>	<b>48,074,634</b>	<b>-</b>	<b>3,682,186</b>	<b>5,320,449</b>	<b>31,786,094</b>	<b>1,252,004</b>	<b>431,248</b>	<b>1,341,315</b>	<b>4,261,338</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(7,682,083)</b>	<b>-</b>	<b>(3,882)</b>	<b>(1,635,507)</b>	<b>(3,115,220)</b>	<b>(1,130)</b>	<b>(198,931)</b>	<b>(128,783)</b>	<b>(2,598,630)</b>	<b>-</b>
<b>Non-operating revenues (expenses):</b>										
Interest income on unrestricted investments	99,810	-	-	47,430	2,063	-	-	6,906	43,411	-
Interest income on restricted investments	239,027	-	-	238,292	735	-	-	735	-	-
Other income	2,905,058	-	-	2,771,151	120,431	-	-	11,761	1,715	-
Capital Grants	1,416,416	-	15,191	-	-	-	1,401,225	-	-	-
Interest expense	(91,225)	-	-	-	-	-	-	(91,225)	-	-
<b>Total non-operating revenues (expenses)</b>	<b>4,569,086</b>	<b>-</b>	<b>15,191</b>	<b>2,818,581</b>	<b>360,786</b>	<b>-</b>	<b>1,401,225</b>	<b>(71,823)</b>	<b>45,126</b>	<b>-</b>
<b>Change in net assets</b>	<b>(3,112,997)</b>	<b>-</b>	<b>11,309</b>	<b>1,183,074</b>	<b>(2,754,434)</b>	<b>(1,130)</b>	<b>1,202,294</b>	<b>(200,606)</b>	<b>(2,553,504)</b>	<b>-</b>
<b>Adjustments and transfers</b>	<b>(38,801)</b>	<b>-</b>	<b>-</b>	<b>11,011,166</b>	<b>-</b>	<b>-</b>	<b>(11,107,726)</b>	<b>-</b>	<b>57,759</b>	<b>-</b>
<b>Total net assets at beginning of year</b>	<b>48,898,257</b>	<b>-</b>	<b>42,438</b>	<b>17,100,139</b>	<b>8,187,865</b>	<b>21,222</b>	<b>13,933,514</b>	<b>995,509</b>	<b>8,617,570</b>	<b>-</b>
<b>Total net assets at end of year</b>	<b>\$ 45,746,459</b>	<b>\$ -</b>	<b>\$ 53,747</b>	<b>\$ 29,294,379</b>	<b>\$ 5,433,431</b>	<b>\$ 20,092</b>	<b>\$ 4,028,082</b>	<b>\$ 794,903</b>	<b>\$ 6,121,825</b>	<b>\$ -</b>

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, 2008

	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	
<b>Cash flows from operating activities:</b>										
Receipts from customers	\$ 40,198,358	\$ -	\$ 3,676,367	\$ 3,619,132	\$ 27,648,389	\$ 1,248,744	\$ 1,630,335	\$ 741,852	\$ 1,633,539	
Payments to suppliers	(37,973,660)	-	(3,086,954)	(1,542,744)	(30,509,524)	(947,183)	(201,760)	(906,907)	(778,588)	
Payments to employees	(4,582,084)	-	(591,350)	(1,088,303)	(1,219,836)	(303,561)	(30,558)	(85,006)	(1,263,470)	
Other cash receipts (payments)	983,063	-	17,128	(888,452)	360,429	1,910	3,209	420,050	1,068,789	
	<u>(1,374,323)</u>	-	<u>15,191</u>	<u>99,633</u>	<u>(3,720,542)</u>	<u>(90)</u>	<u>1,401,226</u>	<u>169,989</u>	<u>660,270</u>	
Net cash provided by (used in) operating activities										
<b>Cash flows from capital and related financing activities:</b>										
Acquisition of fixed assets	(1,673,213)	-	(15,191)	(61,976)	(7,500)	-	(1,401,226)	(46,873)	(140,447)	
Net cash used for capital and related financing activities	<u>(1,673,213)</u>	-	<u>(15,191)</u>	<u>(61,976)</u>	<u>(7,500)</u>	-	<u>(1,401,226)</u>	<u>(46,873)</u>	<u>(140,447)</u>	
<b>Cash flows from investing activities:</b>										
Repayment of notes payable	(34,710)	-	-	-	-	-	-	(34,710)	-	
Decrease (increase) in investments	(298,248)	-	-	(34,911)	(217,838)	-	-	(5,947)	(39,552)	
Increase in restricted assets	(6,054,785)	-	-	-	(6,054,785)	-	-	-	-	
Net cash used in investing activities	<u>(6,387,743)</u>	-	-	<u>(34,911)</u>	<u>(6,272,623)</u>	-	-	<u>(40,657)</u>	<u>(39,552)</u>	
Net increase (decrease) in cash and cash equivalents	(9,435,279)	-	-	2,746	(10,000,665)	(90)	-	82,459	480,271	
Cash and cash equivalents at beginning year	14,123,986	-	-	1,200	11,772,289	10,254	-	400,289	1,939,954	
Cash and cash equivalents at end of year	<u>\$ 4,688,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,946</u>	<u>\$ 1,771,624</u>	<u>\$ 10,164</u>	<u>\$ -</u>	<u>\$ 482,748</u>	<u>\$ 2,420,225</u>	
<b>Cash, including time deposits</b>	\$ 3,631,005	\$ -	\$ -	\$ 3,946	\$ 1,019,961	\$ 10,164	\$ -	\$ 276,704	\$ 2,320,230	
Restricted cash, including time deposits	<u>1,057,702</u>	-	-	-	<u>751,663</u>	-	-	<u>206,044</u>	<u>99,995</u>	
Total cash and cash equivalents at end of year	<u>\$ 4,688,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,946</u>	<u>\$ 1,771,624</u>	<u>\$ 10,164</u>	<u>\$ -</u>	<u>\$ 482,748</u>	<u>\$ 2,420,225</u>	

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Statement of Cash Flows, Continued

For the Year Ended September 30, 2008

	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 in change in net assets to net cash provided by operating activities:										
Change in net assets	\$ (3,112,997)	\$ -	\$ 11,309	\$ 1,183,074	\$ (2,754,434)	\$ (1,130)	\$ 1,202,294	\$ (200,606)	\$ (2,553,504)	
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:										
Depreciation	757	-	2,414	11,436	1,005	14,418	(11,369)	(322)	(16,825)	
Bad debts	207,063	-	-	4,972	-	-	-	191,488	10,603	
(Increase) decrease in assets:										
Tenant receivables	(17,159)	-	-	(37,039)	-	-	-	19,880	-	
Accounts receivable - HUD	299,475	-	275,923	82,862	1,214	(21,408)	(117,998)	78,882	-	
Accounts receivable - Due from other funds	(582,996)	-	404,754	(3,295,315)	33,368	154,758	-	4,462	2,114,977	
Promissory notes	41,285	-	-	(1,525)	-	-	-	-	42,810	
Accounts receivable - Interest	(14,960)	-	-	(1,266)	(11,516)	-	-	(255)	(1,923)	
Travel advances	667	-	-	-	-	-	-	-	667	
Accounts receivable - Other	(373,504)	-	-	-	(29,683)	-	-	257,783	(601,604)	
Prepaid and other assets	132,499	-	(2,246)	335,296	(876)	112,673	14,624	6,038	(333,010)	
Inventories	(83,914)	-	-	(84,861)	-	-	-	947	-	
Land held for sale	207,918	-	-	-	-	-	-	-	207,918	
Increase (decrease) in liabilities:										
Accounts payable - vendors/contractors	(220,418)	-	-	-	-	-	-	(237,450)	17,032	
Accounts payable - HUD	(426,701)	-	-	-	(405,634)	-	-	(21,067)	-	
HUD settlement	(736,276)	-	-	-	(736,276)	-	-	-	-	
Accounts payable - Due to other funds	101,483	-	(259,489)	(929,242)	102,167	(243,595)	(46,011)	877	1,476,776	
Compensated absences and sick leave	207,977	-	2,415	213,780	1,006	14,419	(4,369)	(2,449)	(16,825)	
Accrued salaries and wages	9,996	-	-	-	-	-	-	9,996	-	
Other current liabilities	23,389	-	-	-	23,389	-	-	-	-	
Security deposits	2,535	-	-	2,572	-	-	-	(37)	-	
Accrued liabilities	65,702	-	-	18,703	-	-	(7,024)	-	54,023	
Other liabilities	(533,870)	-	(43,066)	-	-	(570)	-	(3,814)	(486,420)	
Deferred revenues	431,665	-	(378,291)	(4,148)	-	(16,367)	160,779	(10,253)	679,945	
Net cash provided by (used in) operating activities	\$ (4,370,384)	\$ -	\$ 13,723	\$ (2,500,701)	\$ (3,776,270)	\$ 13,198	\$ 1,190,926	\$ 94,100	\$ 594,640	

Reconciliation in change in net assets to net cash provided by operating activities:  
 Change in net assets  
 Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:

(Increase) decrease in assets:

Tenant receivables  
 Accounts receivable - HUD  
 Accounts receivable - Due from other funds  
 Promissory notes  
 Accounts receivable - Interest  
 Travel advances  
 Accounts receivable - Other  
 Prepaid and other assets  
 Inventories  
 Land held for sale

Increase (decrease) in liabilities:

Accounts payable - vendors/contractors  
 Accounts payable - HUD  
 HUD settlement  
 Accounts payable - Due to other funds  
 Compensated absences and sick leave  
 Accrued salaries and wages  
 Other current liabilities  
 Security deposits  
 Accrued liabilities  
 Other liabilities  
 Deferred revenues

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

Notes to Combined Financial Statements  
September 30, 2008

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

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

The Guam Housing and Urban Renewal Authority (GHURA or the Authority), a component unit of the Government of Guam, was created on December 18, 1962 by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA, formed to pursue an active community development program through urban renewal projects and to provide housing of low income, administers the following community programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing 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, 704 units or 95% were leased as of September 30, 2008. These properties are modernized under HUD's Capital Funds Program.

The Authority implemented HUD's mandated transition to "Project-Based Accounting" based on their Asset Management Model during fiscal year 2008. As such, the Authority has organized its 750 units into four Asset Management Project (AMP) sites. The new financial reporting model allows for the Authority to develop and maintain a system of budgeting and accounting for each project in a manner that allows for analysis of actual revenues and expenses associated to each property.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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, 2,402 were leased or 96% as of September 30, 2008.

*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, 2008

(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.

*Other Enterprise Funds*

The following funds were determined to be non-major enterprise funds for the year ended September 30, 2008:

*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.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2008

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

#### *Other Enterprise Funds*

##### 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*.

#### *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, 2008. The Authority does not believe that the implementation of this Statement will have a material effect on its financial statements.

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

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

*New Accounting Standards, continued*

GASB Statement No. 48 - In September 2007, 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.

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, 2008

### (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 not to apply new FASB standards subsequent to November 30, 1989.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2008

### (1) *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 1<sup>st</sup> and ends September 30<sup>th</sup> 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 2008, 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 \$13,929,281 is subject to coverage by the Federal Deposit Insurance Corporation (FDIC).

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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, 2008 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, 2008 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 or contributed is carried at the fair value on the date of donation or contribution. Property and equipment items for this project are depreciated utilizing straight-line method over their estimated useful lives. Capital assets are depreciated on a straight-line basis method over estimated useful lives as follows:

<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, 2008

### **(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, 2008 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, 2008, accrued earned compensated absences totaled \$498,626.

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, 2008, the total amount of unused sick leave for members under the DCRS plan was \$298,780 of which 50%, or \$149,390 was accrued in the accompanying financial statements.

#### ***o) Management fees***

In lieu of cost allocation plan, HUD now requires Housing Authorities to charge each AMP property management and bookkeeping fees (\$7.50 per eligible unit) and an asset management fee (\$10 per AMP unit). Such fees are accounted for in the Authority's newly created Central Office Cost Center (COCC) which is reported in the Other Enterprise Funds. For the year ended September 30, 2008, the Authority paid management fees to COCC of \$1,604,179. HUD regulates the amount of management fees that can be paid.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Notes to Combined Financial Statements September 30, 2008

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

#### ***p) 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.

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

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

#### ***r) Noncurrent Liabilities***

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

#### ***s) Net Assets***

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

#### ***t) HUD Subsidies and Contributions***

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

#### ***u) Tenant Rental Income***

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

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

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

v) *Deferred Revenues*

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

w) *Income Taxes*

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

x) *Advertising and Marketing Expenses*

For the fiscal year ending September 30, 2008, the Authority incurred advertising and marketing costs totaling \$26,606. These costs primarily relate to construction bids and related procurement solicitation costs.

y) *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, 2008 consist of the following:

	<u>2008</u>
Cash on hand and due from banks	\$ 4,688,707
Investments	<u>9,243,017</u>
	<u>\$13,931,724</u>

Of the above cash and cash equivalents and investments, \$7,700,409 was restricted for at September 30, 2008. Refer to Note 3 for further discussion on restricted cash, cash equivalents and investments.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(2) *Cash and Investments, continued*

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.

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 returned to it. As of September 30, 2008, the carrying amount of the Authority's total cash and cash equivalents was \$13,931,724 with a corresponding bank balance was \$13,929,281 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, 2008, bank deposits in the amount of \$100,000 were FDIC insured. The FDIC insurance was raised from \$100,000 to \$250,000 until December 31, 2009. Accordingly, these deposits are exposed to custodial credit risk.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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, 2008, 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, 2008

### (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, 2008, GHURA had \$190,999 and \$199,430 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, 2008, FSS escrow amounts held by the Authority for the Section 8 and Low Rent Public Housing participants in the FSS program totaled \$751,663 and \$95,262, respectively.

The Section 8 HCV program also has restricted cash of \$4,221,259, which represents the remaining 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, 2008.

The Low Rent Housing program also has additional restricted cash funds totaling \$851,832, 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, 2008, there was a balance of \$805,765 in the self-insurance account which is maintained in the Central Office Cost Center fund and reported in Other Enterprise Funds.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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:

	2008
Due in varying monthly installments, interests free, with maturities to 2026, including loans	\$ 987,060
Less current portion	(38,707)
	\$ 948,353

(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, 2008 is as follows:

	Due from other Funds	Due to other Funds	Net Receivable (Payable)
CDBG	\$ -	\$ 325,809	\$ (325,809)
Low Income Housing: AMP1	4,559,900	517,553	4,042,347
Section 8 Programs	-	2,155,438	(2,155,438)
Capital Fund Project	-	59,604	(59,604)
HOME	35,122	178,971	(143,849)
Non-Major Enterprise Funds	-	635,321	(635,321)
Other Enterprise Funds	4,098,132	4,820,458	(722,326)
Net Interfund balances	\$ 8,693,154	\$ 8,693,154	\$ -

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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, 2008, the Authority had one hundred nine (109) lots in its inventory with an estimated value of \$3,777,177.

(7) *Capital Assets*

A summary of changes in capital assets for the year ended September 30, 2008 is as follows:

	<u>Balance</u> 9/30/2007	<u>Additions</u>	<u>Transfers</u> <u>Disposals</u>	<u>Balance</u> 9/30/2008
Land	\$ 3,675,882	\$ -	\$ -	\$ 3,675,882
Structures	77,419,237	1,610,738	(431,470)	78,598,505
Furniture, Fixtures and Equipment	<u>3,148,674</u>	<u>62,475</u>	<u>-</u>	<u>3,211,149</u>
	84,243,793	1,673,213	(431,470)	85,485,536
Less: Accumulated depreciation	<u>(51,490,112)</u>	<u>(2,996,818)</u>	<u>-</u>	<u>(54,486,930)</u>
Net Capital Assets	<u>\$ 32,753,681</u>	<u>\$ (1,323,605)</u>	<u>\$ (431,470)</u>	<u>\$ 30,998,606</u>

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



GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

(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)	\$ 1,483,089
Less current portion	<u>(38,000)</u>
Long-term portion of note payable	<u>\$ 1,445,089</u>

Maturities of long-term debt are as follows:

Year ending September 30	Principal	Interest	Total Debt Service
2009	\$ 38,000	\$ 88,480	\$ 126,480
2010	41,000	85,480	126,480
2011	44,000	82,480	126,480
2012	46,000	80,480	126,480
2013	49,000	77,480	126,480
2014 through 2018	294,000	338,400	632,400
2019 through 2023	397,000	235,400	632,400
2024 through 2028	535,000	97,400	632,400
2029 through 2030	<u>39,089</u>	<u>277</u>	<u>39,366</u>
	<u>\$ 1,483,089</u>	<u>\$ 1,085,877</u>	<u>\$ 2,568,966</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

**(9) Noncurrent Liabilities**

Noncurrent liability activity at September 30, 2008 was as follows:

	Outstanding Balance <u>09/30/07</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding Balance <u>09/30/08</u>	<u>Current</u>	<u>Noncurrent</u>
Note payable	\$ 1,517,799	\$ -	(\$ 34,710)	\$ 1,483,089	\$ 38,000	\$ 1,445,089
HUD settlement	1,255,432	-	(1,141,910)	113,522	113,522	-
Compensated Absences	<u>497,868</u>	<u>758</u>	<u>-</u>	<u>498,626</u>	<u>42,895</u>	<u>455,731</u>
	<u>\$ 3,271,099</u>	<u>\$ 758</u>	<u>(\$ 1,176,620)</u>	<u>\$ 2,095,237</u>	<u>\$ 194,417</u>	<u>\$ 1,900,820</u>

	Outstanding Balance <u>09/30/06</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding Balance <u>09/30/07</u>	<u>Current</u>	<u>Noncurrent</u>
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>

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

HUD contributions earned by GHURA consist of housing assistance payments and an administrative fee. For fiscal year 2008, the administrative fee changed from a fixed amount to a varied amount based upon the number of units leased. The Authority earned an administrative fee totaling \$2,041,322 for the fiscal year ended September 30, 2008.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

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

Beginning with the fiscal year ended September 30, 2008, 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, 2008, the Authority's Section 8 HCV net assets were comprised as following:

	Balance at 9/30/07	Net Change	Balance at 9/30/08
Administrative Fee Equity:			
Invested in capital assets, net of related debt	\$ 131,217	\$ (49,234)	\$ 81,983
Unrestricted net assets	872,382	257,807	1,130,189
Total Administrative Fee Equity	1,003,599	208,573	1,212,172
HAP Equity:			
Restricted net assets	7,184,266	(2,963,007)	4,221,259
Total Housing Choice Voucher Equity	\$8,187,865	\$(2,754,434)	\$ 5,433,431

**(12) Commitments**

Housing Assistance Payments

At September 30, 2008, GHURA had approximately 2,402 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, 2008

(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, 2008, \$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, 2008, are as follows:

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 2,601,466	\$ 1,937,864	\$ 663,602
CDBG Grants	<u>5,797,872</u>	<u>4,851,725</u>	<u>946,147</u>
	<u>\$ 8,399,338</u>	<u>\$ 6,789,589</u>	<u>\$ 1,609,749</u>

(13) *Employees Retirement Plan*

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

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, 2008

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

As a result of the most recent actuarial valuation performed as of September 30, 2007, 2006, 2005, the annual actuarially required contribution rates for the years ended September 30, 2008, 2007 and 2006, respectively, have been determined as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Normal Cost (as % of DB Plan payroll)	17.94%	18.21%	17.83%
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>8.44%</u>	<u>8.71%</u>	<u>8.33%</u>
Employer portion of normal cost (% of total payroll)	3.99%	6.81%	4.64%
Unfunded liability costs, as % of total payroll	<u>20.75%</u>	<u>20.66%</u>	<u>21.36%</u>
Government contribution as % of DB Plan payroll	<u><u>24.74%</u></u>	<u><u>27.47%</u></u>	<u><u>26.00%</u></u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Employer rate	<u>24.07%</u>	<u>22.94%</u>	<u>21.81%</u>
Employee rate	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The Annual Required Contribution for the years ended September 30, 2008, 2007 and 2006 was determined as part of the September 30, 2006, 2005 and 2004 actuarial valuation using the "entry age normal". Significant valuations included the actuarial assumptions as follows:

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

The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. 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, 2006, 2005 and 2004, 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.

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, 2008

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

Statutory employer contributions into the DCRS for the years ended September 30, 2008 and 2007 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, 2008, the retirement expense contribution was \$355,651 and \$510,033 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, 2008, the Authority had deposited \$800,000 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, 2008

(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.

The Authority is a plaintiff in case against its landlord for leased premises. The Authority asserts that the landlord breached its contract, breach of warranty, negligence, conversion and breach of fiduciary duties regarding a lease agreement and trust. The lawsuit arises from the failure of the landlord to provide adequate security pursuant to a lease agreement between the Authority and the landlord. On February 3, 2006, an employee of the Authority was attacked in his office and was beaten, robbed and sustained multiple injuries requiring hospitalization. As result of the landlord's inadequate security, the Authority had also suffered incidents of theft and vandalism. Consequently, the Authority is suing the landlord for breach of contract for failing to provide adequate security as it was contractually obligated pursuant the lease agreement. The Authority is seeking general damages, exemplary damages and attorney's fees and cost to be determined by trial. The Authority's legal counsel believes there is a likelihood of success in this case; however, no provision has been made in the accompanying financial statements that may result from this case.

(16) *Lease Commitments*

The Authority lease office space under an operating lease with original term of two (2) years expiring January 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>
2009	62,959
2010	<u>20,986</u>
	\$ <u><u>83,945</u></u>

Rent expense for the year ended September 30, 2008 was \$83,352 which was allocated between the CDBG and HOME programs.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements  
September 30, 2008

**(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 \$39.9 million to the Authority, which represents approximately 88% of the Authority's total revenues for the year ended September 30, 2008.

**(18) HUD Settlement**

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, 2008, 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, 2008, 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. During 2008 GHURA paid HUD \$1,141,910 of the total settlement due with the remaining balance to be paid during 2009. 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 -	
Current	<u>\$113,522</u>

Maturities of the HUD settlement are as follows:

Year ending September 30,	Amount
2009	\$ 113,522
	<u>\$ 113,522</u>



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

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

Combining Statement of Net Assets  
September 30, 2008

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	B-07-ST- 66-0001
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash - restricted	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable:												
HUD	427,903	-	-	-	-	-	-	-	66,159	153,049	2,536	206,159
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	3,069	-	-	-	-	-	-	-	192	-	1,388	1,489
Capital assets, net	53,747	-	-	-	-	-	-	-	-	19,699	18,857	15,191
<b>Total Assets</b>	<b>\$ 484,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,351</b>	<b>\$ 172,748</b>	<b>\$ 22,781</b>	<b>\$ 222,839</b>
<b>LIABILITIES AND NET ASSETS</b>												
Accounts payable:												
Due to other funds	\$ 325,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,375	\$ 153,049	\$ 41	\$ 118,344
Compensated absences - current	6,409	-	-	-	-	-	-	-	-	-	-	6,409
Deferred revenues	15,859	-	-	-	-	-	-	-	11,976	-	3,883	-
Total current liabilities	348,077	-	-	-	-	-	-	-	66,351	153,049	3,924	124,753
Noncurrent liabilities:												
Compensated absences - noncurrent	55,232	-	-	-	-	-	-	-	-	-	-	55,232
Other noncurrent liabilities - sick leave	27,663	-	-	-	-	-	-	-	-	-	-	27,663
Total noncurrent liabilities	82,895	-	-	-	-	-	-	-	-	-	-	82,895
<b>Total liabilities</b>	<b>430,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,351</b>	<b>153,049</b>	<b>3,924</b>	<b>207,648</b>
<b>Net Assets:</b>												
Invested in capital assets, net of related debt	53,747	-	-	-	-	-	-	-	-	19,699	18,857	15,191
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets	53,747	-	-	-	-	-	-	-	-	19,699	18,857	15,191
<b>Total Liabilities and Net Assets</b>	<b>\$ 484,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,351</b>	<b>\$ 172,748</b>	<b>\$ 22,781</b>	<b>\$ 222,839</b>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
CFDA NO. 14.225

Combining Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended September 30, 2008

	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	B-07-ST- 66-0001
Revenues:											
Federal contributions	\$ 3,676,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,271	\$ 378,856	\$ 1,081,147	\$ 897,592	\$ 1,160,501
Other	1,937	-	-	-	-	-	-	-	1,537	-	400
Total Revenues	3,678,304	-	-	-	-	-	158,271	378,856	1,082,684	897,592	1,160,901
Operating expenses:											
Repairs and maintenance	2,386,174	-	-	-	-	-	158,271	208,200	853,779	656,055	509,869
Other	633,626	-	-	-	-	-	-	38,721	17,153	169,180	408,572
Administrative salaries	421,725	-	-	-	-	-	-	101,644	191,937	79,923	48,221
Employee benefits	125,524	-	-	-	-	-	-	30,291	57,953	23,029	14,251
Management fees	70,550	-	-	-	-	-	-	-	-	-	70,550
Professional fees	35,753	-	-	-	-	-	-	-	3,549	14,483	17,721
Depreciation	3,882	-	-	-	-	-	-	-	-	3,882	-
Compensated absences	2,414	-	-	-	-	-	-	-	(41,687)	(45,203)	89,304
Insurance	2,186	-	-	-	-	-	-	-	-	-	2,186
Protective services	352	-	-	-	-	-	-	-	-	125	227
Total operating expenses	3,682,186	-	-	-	-	-	158,271	378,856	1,082,684	901,474	1,160,901
Operating loss	(3,882)	-	-	-	-	-	-	-	-	(3,882)	-
Non-operating revenues:											
Interest income	-	-	-	-	-	-	-	-	-	-	-
Capital Grants	15,191	-	-	-	-	-	-	-	-	-	15,191
Total non-operating revenues	15,191	-	-	-	-	-	-	-	-	-	15,191
Change in net assets	11,309	-	-	-	-	-	-	-	-	(3,882)	15,191
Total net assets, beginning of year	42,438	-	-	-	-	-	-	-	19,699	22,739	-
Total net assets, end of year	\$ 53,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,699	\$ 18,857	\$ 15,191

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, 2008

	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	B-07-ST- 66-0001
<b>Cash flows from operating activities:</b>											
Receipts from customers	\$ 3,676,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,271	\$ 378,856	\$ 1,081,147	\$ 897,592	\$ 1,160,501
Payments to suppliers	(3,086,954)	-	-	-	-	-	(158,271)	(246,921)	(832,794)	(839,843)	(1,009,125)
Payments to employees	(591,350)	-	-	-	-	-	-	(131,935)	(249,890)	(57,749)	(151,776)
Other receipts	17,128	-	-	-	-	-	-	-	1,537	-	15,591
Net cash provided by (used in) operating activities	15,191	-	-	-	-	-	-	-	-	-	15,191
<b>Cash flows from capital and related financing activities:</b>											
Acquisition of fixed assets	(15,191)	-	-	-	-	-	-	-	-	-	(15,191)
Net cash used in capital and related financing activities	(15,191)	-	-	-	-	-	-	-	-	-	(15,191)
<b>Cash flows from investing activities:</b>											
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>											
Change in net assets	\$ 11,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,309
Adjustments to reconcile net loss to net cash provided by (used) operating activities:											
Depreciation	3,882	-	-	-	-	-	-	-	-	-	3,882
(Increase) decrease in assets:											
Accounts receivable - HUD	275,923	136,467	-	1,428	69,625	4,475	-	9,986	(85,475)	334,901	(206,159)
Accounts receivable - Due to other funds	404,754	-	404,754	-	-	-	-	-	-	-	-
Prepaid and other assets	(2,246)	-	-	-	-	598	-	-	-	(1,355)	(1,489)
Increase (decrease) in liabilities:											
Accounts payable - Due to other funds	(259,489)	(136,467)	-	(708)	(66,178)	(3,449)	14,695	(9,986)	127,163	(292,228)	118,344
Compensated absences	2,415	-	-	-	-	-	-	-	(41,688)	(45,201)	89,304
Accrued salaries and wages	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	(378,291)	-	(363,006)	(720)	(3,447)	(306)	(14,695)	-	-	3,883	-
Other liabilities	(43,066)	-	(41,748)	-	-	(1,318)	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ 15,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,191

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, 2008

ASSETS	Total	AMP 1	AMP 2	AMP 3	AMP 4
Current assets:					
Cash:					
Cash - General Fund	\$ 3,946	\$ 300	\$ 300	\$ 2,860	\$ 486
Restricted Cash - FSS Escrow	-	-	-	-	-
Restricted Cash - other	-	-	-	-	-
Total cash	<u>3,946</u>	<u>300</u>	<u>300</u>	<u>2,860</u>	<u>486</u>
Accounts receivable:					
Tenants	37,039	10,920	5,400	9,880	10,839
Promissory notes	4,857	3,159	-	1,262	436
HUD	280	812	(532)	-	-
Due from other programs	4,559,900	1,588,152	815,888	723,515	1,432,345
Interest	1,266	-	181	624	461
Other	-	-	-	-	-
	<u>4,603,342</u>	<u>1,603,043</u>	<u>820,937</u>	<u>735,281</u>	<u>1,444,081</u>
Allowance for doubtful accounts	<u>(26,504)</u>	<u>(6,128)</u>	<u>(4,835)</u>	<u>(12,041)</u>	<u>(3,500)</u>
Total accounts receivable	<u>4,576,838</u>	<u>1,596,915</u>	<u>816,102</u>	<u>723,240</u>	<u>1,440,581</u>
Inventories	210,324	31,739	30,552	27,214	120,819
Investments:					
General fund	991,670	-	139,300	489,047	363,323
Restricted - security deposits	179,069	37,724	38,918	46,558	55,869
Total investments	<u>1,170,739</u>	<u>37,724</u>	<u>178,218</u>	<u>535,605</u>	<u>419,192</u>
Prepaid and other current assets	<u>44,098</u>	<u>10,269</u>	<u>9,010</u>	<u>10,984</u>	<u>13,835</u>
Total current assets	<u>6,005,945</u>	<u>1,676,947</u>	<u>1,034,182</u>	<u>1,299,903</u>	<u>1,994,913</u>
Noncurrent assets:					
Capital assets:					
Land	2,130,777	299,151	450,147	533,031	848,448
Infrastructure	651,548	85,239	107,587	289,788	168,934
Buildings and improvements, at cost	71,481,965	11,800,439	15,674,746	22,009,668	21,997,112
Furniture and equipment, at cost	1,986,409	675,506	554,940	316,906	439,057
Accumulated depreciation	<u>(52,094,305)</u>	<u>(8,554,539)</u>	<u>(11,583,308)</u>	<u>(16,883,668)</u>	<u>(15,072,790)</u>
Net capital assets	<u>24,156,394</u>	<u>4,305,796</u>	<u>5,204,112</u>	<u>6,265,725</u>	<u>8,380,761</u>
Total assets	<u>\$ 30,162,339</u>	<u>\$ 5,982,743</u>	<u>\$ 6,238,294</u>	<u>\$ 7,565,628</u>	<u>\$ 10,375,674</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, 2008

LIABILITIES AND NET ASSETS	Total	AMP 1	AMP 2	AMP 3	AMP 4
Liabilities:					
Accounts payable:					
Trade	\$ -	\$ -	\$ -	\$ -	\$ -
HUD	-	-	-	-	-
Tenant security deposits	122,801	23,584	24,347	34,993	39,877
Due to other funds	517,553	-	-	517,553	-
Compensated absences, current portion	27,300	5,998	7,056	6,518	7,728
Accrued liabilities	18,703	7,683	-	603	10,417
Total accounts payable	<u>686,357</u>	<u>37,265</u>	<u>31,403</u>	<u>559,667</u>	<u>58,022</u>
Deferred credits:					
Tenants prepaid rents	-	-	-	-	-
Other	(4,877)	(995)	(1,309)	(2,401)	(172)
Total deferred credits	<u>(4,877)</u>	<u>(995)</u>	<u>(1,309)</u>	<u>(2,401)</u>	<u>(172)</u>
Total current liabilities	<u>681,480</u>	<u>36,270</u>	<u>30,094</u>	<u>557,266</u>	<u>57,850</u>
Noncurrent liabilities:					
Compensated absences, net of current portion	129,024	28,804	32,462	26,121	41,637
Other - sick leave, net of current portion	57,456	21,080	13,107	7,501	15,768
Total noncurrent liabilities	<u>186,480</u>	<u>49,884</u>	<u>45,569</u>	<u>33,622</u>	<u>57,405</u>
Total liabilities	<u>867,960</u>	<u>86,154</u>	<u>75,663</u>	<u>590,888</u>	<u>115,255</u>
Net assets:					
Invested in capital assets, net of related debt	24,156,394	4,305,796	5,204,112	6,265,725	8,380,761
Restricted	-	-	-	-	-
Unrestricted	5,137,985	1,590,793	958,519	709,015	1,879,658
Total net assets	<u>29,294,379</u>	<u>5,896,589</u>	<u>6,162,631</u>	<u>6,974,740</u>	<u>10,260,419</u>
Total liabilities and net assets	<u>\$ 30,162,339</u>	<u>\$ 5,982,743</u>	<u>\$ 6,238,294</u>	<u>7,565,628</u>	<u>10,375,674</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, 2008

	<u>Total</u>	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>
Operating revenues:					
Tenant rental income	\$ 132,624	\$ 73,702	\$ (38,502)	\$ (6,751)	\$ 104,175
HUD PHA Operating Grants	3,486,508	733,870	760,216	906,492	1,085,930
Other income	65,810	13,107	25,350	12,434	14,919
Total operating revenues	<u>3,684,942</u>	<u>820,679</u>	<u>747,064</u>	<u>912,175</u>	<u>1,205,024</u>
Operating expenses:					
Depreciation	2,611,770	428,861	558,924	773,429	850,556
Management fees	511,080	109,680	108,840	129,720	162,840
Ordinary maintenance - salaries	403,294	90,251	82,854	100,160	130,029
Administrative salaries	246,313	56,444	68,588	53,390	67,891
Tenant services - salaries	225,943	50,476	60,363	60,135	54,969
Insurance	175,058	41,108	36,411	43,857	53,682
Ordinary repairs and maintenance	159,584	42,155	45,040	28,553	43,836
Utilities	146,903	23,397	29,283	56,879	37,344
Employee benefits - ordinary maintenance	119,348	25,925	23,972	33,333	36,118
Other administrative expenses	118,763	37,497	24,006	19,214	38,046
Offices supplies	116,148	22,622	26,054	31,765	35,707
Asset management fees	90,000	18,960	19,560	23,400	28,080
Bad debts	77,632	19,566	15,790	28,212	14,064
Employee benefits - administrative	74,336	17,714	19,219	18,360	19,043
Employee benefits - tenant services	69,653	13,940	16,118	20,933	18,662
Bookkeeping fees	63,885	13,710	13,605	16,215	20,355
Protective services	58,493	2,269	7,189	26,650	22,385
Payments in-lieu of taxes	17,788	7,370	-	-	10,418
Legal and professional fees	13,050	1,765	3,953	4,637	2,695
Compensated absences	11,436	10,909	698	(2,890)	2,719
Casualty loss	5,000	-	-	-	5,000
Advertising and marketing	4,972	1,078	1,068	1,252	1,574
Total operating expenses	<u>5,320,449</u>	<u>1,035,697</u>	<u>1,161,535</u>	<u>1,467,204</u>	<u>1,656,013</u>
Operating loss	<u>(1,635,507)</u>	<u>(215,018)</u>	<u>(414,471)</u>	<u>(555,029)</u>	<u>(450,989)</u>
Non-operating revenues:					
Interest on general fund investments	47,430	3,574	7,690	19,463	16,703
Other income	2,771,151	527,816	615,854	774,552	852,929
Total non-operating revenues	<u>2,818,581</u>	<u>531,390</u>	<u>623,544</u>	<u>794,015</u>	<u>869,632</u>
Changes in net assets	1,183,074	316,372	209,073	238,986	418,643
Adjustments and transfers	11,011,166	1,848,102	2,164,938	2,398,887	4,599,239
Total net assets, beginning of year	<u>17,100,139</u>	<u>3,731,301</u>	<u>3,789,963</u>	<u>4,336,337</u>	<u>5,242,538</u>
Total net assets, end of year	<u>\$ 29,294,379</u>	<u>\$ 5,895,775</u>	<u>\$ 6,163,974</u>	<u>\$ 6,974,210</u>	<u>\$ 10,260,420</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, 2008

	<u>Total</u>	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>
Cash flows from operating activities:					
Receipts from customers	\$ 3,619,132	\$ 807,572	\$ 721,714	\$ 899,741	\$ 1,190,105
Payments to suppliers	(1,542,744)	(372,087)	(211,449)	(442,277)	(516,931)
Payments to employees	(1,088,303)	(215,183)	(375,372)	(223,286)	(274,462)
Other cash receipts (payments)	<u>(888,452)</u>	<u>(206,306)</u>	<u>(110,389)</u>	<u>(205,942)</u>	<u>(365,815)</u>
Net cash provided by operating activities	<u>99,633</u>	<u>13,996</u>	<u>24,504</u>	<u>28,236</u>	<u>32,897</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	<u>(61,976)</u>	<u>(12,879)</u>	<u>(19,198)</u>	<u>(9,722)</u>	<u>(20,177)</u>
Net cash used in capital and related financing activities	<u>(61,976)</u>	<u>(12,879)</u>	<u>(19,198)</u>	<u>(9,722)</u>	<u>(20,177)</u>
Cash flows from investing activities:					
Investment in time certificate of deposit	<u>(34,911)</u>	<u>(1,117)</u>	<u>(5,306)</u>	<u>(15,954)</u>	<u>(12,534)</u>
Net cash used in investing activities	<u>(34,911)</u>	<u>(1,117)</u>	<u>(5,306)</u>	<u>(15,954)</u>	<u>(12,534)</u>
Net increase in cash and cash equivalents	2,746	-	-	2,560	186
Cash and cash equivalents at beginning of year	<u>1,200</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Cash and cash equivalents at end of year	<u>\$ 3,946</u>	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 2,860</u>	<u>\$ 486</u>
Reconciliation of change in net assets to net cash provided by operating activities:					
Changes in net assets	\$ 1,183,074	\$ 316,372	\$ 209,073	\$ 238,986	\$ 418,643
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	2,611,770	428,861	558,924	773,429	850,556
Bad debts	4,972	1,078	1,068	1,252	1,574
(Increase) decrease in assets:					
Accounts receivable:					
Tenants	(37,039)	(10,920)	(5,400)	(9,880)	(10,839)
Promissory notes	(1,525)	(2,240)	-	(15)	730
Due from other funds	(3,295,315)	(1,010,158)	(550,563)	(918,005)	(816,589)
HUD	82,862	82,330	532	-	-
Interest	(1,266)	-	(181)	(624)	(461)
Inventories	(84,861)	(22,406)	(11,894)	(12,239)	(38,322)
Prepaid and other assets	335,296	294,717	11,247	13,551	15,781
Increase (decrease) in liabilities:					
Accounts payable:					
Trade payables	-	-	-	-	-
Due to other funds	(929,242)	(123,496)	(240,321)	(100,266)	(465,159)
Compensated absences	213,780	55,882	52,625	40,140	65,133
Others	-	-	-	-	-
Security deposits	2,572	(2,712)	(26)	3,705	1,605
Accrued liabilities	18,703	7,683	-	603	10,417
Deferred credits	<u>(4,148)</u>	<u>(995)</u>	<u>(580)</u>	<u>(2,401)</u>	<u>(172)</u>
Net cash provided by operating activities	<u>\$ 99,633</u>	<u>\$ 13,996</u>	<u>\$ 24,504</u>	<u>\$ 28,236</u>	<u>\$ 32,897</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, 2008

Contract No. SF-462

Assets	Contract No. SF-462				
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
<b>Current assets:</b>					
Cash:					
Unrestricted	\$ 1,019,961	\$ -	\$ -	\$ -	\$ 1,019,961
Restricted - HAP	-	-	-	-	-
Restricted - FSS escrow account	751,663	-	-	-	751,663
Total cash	1,771,624	-	-	-	1,771,624
Accounts receivable:					
HUD	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interest	11,516	-	357	-	11,159
Other	143,466	-	16,850	(11,477)	138,093
Total accounts receivable	154,982	-	17,207	(11,477)	149,252
Prepaid expenses and other assets	6,937	-	-	-	6,937
Investments:					
Unrestricted	282,216	-	279,648	-	2,568
Restricted reserve fund	6,264,208	-	-	-	6,264,208
Total investments	6,546,424	-	279,648	-	6,266,776
Total current assets	8,479,967	-	296,855	(11,477)	8,194,589
Noncurrent assets:					
Capital Assets:					
Land, structures, and equipment	536,460	-	-	-	536,460
Accumulated depreciation	(454,477)	-	-	-	(454,477)
Total capital assets, net	81,983	-	-	-	81,983
Deferred assets	37,056	-	-	-	37,056
Total noncurrent assets	119,039	-	-	-	119,039
Total assets	\$ 8,599,006	\$ -	\$ 296,855	\$ (11,477)	\$ 8,313,628
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Accounts payable:					
HUD settlement - current portion	\$ 113,522	\$ -	\$ -	\$ -	\$ 113,522
HUD	405,634	-	-	-	405,634
Accounts payable	51,754	-	-	-	51,754
Accrued salaries and wages	594	-	-	-	594
Due to other funds	2,155,438	-	(91,010)	(33,368)	2,279,816
Compensated absences, current portion	13,158	-	-	-	13,158
Other current liabilities	284,624	-	-	-	284,624
Total current liabilities	3,024,724	-	(91,010)	(33,368)	3,149,102
Noncurrent Liabilities:					
HUD settlement - net of current portion	-	-	-	-	-
Compensated absences, net of current portion	97,851	-	-	-	97,851
Other liabilities - sick leave	43,000	-	-	-	43,000
Total noncurrent liabilities	140,851	-	-	-	140,851
Total Liabilities	3,165,575	-	(91,010)	(33,368)	3,289,953
Net Assets:					
Invested in capital assets, net of related debt	81,983	-	-	-	81,983
Restricted	4,221,259	-	-	-	4,221,259
Unrestricted	1,130,189	-	387,865	21,891	720,433
Total Net Assets	5,433,431	-	387,865	21,891	5,023,675
Total Liabilities and Net Assets	\$ 8,599,006	\$ -	\$ 296,855	\$ (11,477)	\$ 8,313,628

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, 2008

	Contract No. SF-462			
	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
<b>Operating revenues:</b>				
HUD PHA Operating Grants	\$ -	\$ -	\$ -	\$ 28,670,874
Other income	-	-	-	-
<b>Total operating revenues</b>	<b>28,670,874</b>	<b>-</b>	<b>-</b>	<b>28,670,874</b>
<b>Operating expenses:</b>				
Housing assistance payments	-	-	-	29,670,456
Administrative salaries	938,224	-	-	938,224
Management fees	638,266	-	-	638,266
Employee benefit contribution	280,607	-	-	280,607
Other administrative expenses	92,206	-	-	92,206
Depreciation	56,733	-	-	56,733
Professional fees	30,813	-	-	30,813
Utilities	26,032	-	-	26,032
Travel	20,975	-	-	20,975
Repairs and maintenance	18,789	-	-	18,789
Insurance	9,212	-	-	9,212
Advertising and marketing	2,419	-	-	2,419
Compensated absences	1,005	-	-	1,005
Protective Services	357	-	-	357
<b>Total operating expenses</b>	<b>31,786,094</b>	<b>-</b>	<b>-</b>	<b>31,786,094</b>
<b>Operating loss</b>	<b>(3,115,220)</b>	<b>-</b>	<b>-</b>	<b>(3,115,220)</b>
<b>Non-operating revenues:</b>				
Interest on operating reserve investments	2,063	2,063	-	-
Interest on general fund investments	238,292	6,633	-	231,659
Other income	120,431	-	-	120,431
<b>Total non-operating revenues</b>	<b>360,786</b>	<b>8,696</b>	<b>-</b>	<b>352,090</b>
<b>Change in net assets</b>	<b>(2,754,434)</b>	<b>8,696</b>	<b>-</b>	<b>(2,763,130)</b>
<b>Total net assets, beginning of year</b>	<b>8,187,865</b>	<b>379,169</b>	<b>21,891</b>	<b>7,786,805</b>
<b>Total net assets, end of year</b>	<b>\$ 5,433,431</b>	<b>\$ 387,865</b>	<b>\$ 21,891</b>	<b>\$ 5,023,675</b>

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, 2008

	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	\$ 27,648,389	\$ -	\$ -	\$ -	\$ 27,648,389
Payments to suppliers and landlords	(30,509,524)	-	-	-	(30,509,524)
Payments to employees	(1,219,836)	-	-	-	(1,219,836)
Other cash receipts (payments)	360,429	-	8,339	-	352,090
Net cash provided by (used in) operating activities	<u>(3,720,542)</u>	-	8,339	-	<u>(3,728,881)</u>
Cash flows from capital and related financing activities:					
Fixed asset acquisitions	(7,500)	-	-	-	(7,500)
Net cash flows used for capital and related financing activities	<u>(7,500)</u>	-	-	-	<u>(7,500)</u>
Cash flows from investing activities:					
Decrease (increase) in investments	(217,838)	-	(215,271)	-	(2,567)
Increase in restricted assets	(6,054,785)	-	206,932	-	(6,261,717)
Net cash provided by (used in) investing activities	<u>(6,272,623)</u>	-	(8,339)	-	<u>(6,264,284)</u>
Net decrease in cash and cash equivalents	(10,000,665)	-	-	-	(10,000,665)
Cash and cash equivalents at beginning of year	11,772,289	-	-	-	11,772,289
Cash and cash equivalents at end of year	<u>\$ 1,771,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,771,624</u>
Unrestricted cash	\$ 1,019,961	-	-	-	1,019,961
Restricted cash	751,663	-	-	-	751,663
Total cash and cash equivalents at end of year	<u>\$ 1,771,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,771,624</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 Cash Flows, Continued

Year Ended September 30, 2008

	Contract No. SF-462				
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Reconciliation change in net assets to net cash provided by (used in) operating activities:					
Change in net assets	\$ (2,754,434)	\$ -	\$ 8,696	\$ -	\$ (2,763,130)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	56,733	-	-	-	56,733
(Increase) decrease in assets:					
Accounts receivable:					
HUD	1,214	-	-	-	1,214
Due from other funds	33,368	-	-	33,368	-
Interest	(11,516)	-	(357)	-	(11,159)
Other	(29,683)	-	-	-	(29,683)
Prepaid expenses and other assets	(876)	-	-	-	(876)
Increase (decrease) in liabilities:					
Accounts payable:					
HUD	(405,634)	-	-	-	(405,634)
HUD settlement	(736,276)	-	-	-	(736,276)
Compensated absences and sick leave	1,006	-	-	-	1,006
Due to other funds	102,167	-	-	(33,368)	135,535
Other current liabilities	23,389	-	-	-	23,389
Net cash provided by operating activities	\$ (3,720,542)	\$ -	\$ 8,339	\$ -	\$ (3,728,881)

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, 2008

ASSETS	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	M-07-ST 66-0202
Cash	\$ 10,164	\$ -	\$ -	\$ 10,164	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:									
HUD	228,109	-	-	70,973	5,913	24,642	(3,487)	9,521	120,547
Due from other funds	35,122	-	-	35,122	-	-	-	-	-
Prepaid and other assets	1,179	-	-	-	75	-	266	556	282
Capital assets	21,222	-	-	15,574	-	-	5,648	-	-
Accumulated depreciation	(1,130)	-	-	-	-	-	(1,130)	-	-
<b>Total</b>	<b>\$ 294,666</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131,833</b>	<b>\$ 5,988</b>	<b>\$ 24,642</b>	<b>\$ 1,297</b>	<b>\$ 10,077</b>	<b>\$ 120,829</b>

**LIABILITIES AND NET ASSETS**

Current liabilities:									
Vendors	\$ 8,250	\$ -	\$ -	\$ 8,250	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	178,971	-	-	62,158	734	24,642	(3,221)	10,077	84,581
Compensated absences - current	2,574	-	-	-	-	-	-	-	2,574
Other	-	-	-	-	-	-	-	-	-
Deferred revenues	51,105	-	-	45,851	5,254	-	-	-	-
Total current liabilities	240,900	-	-	116,259	5,988	24,642	(3,221)	10,077	87,155
Noncurrent liabilities:									
Compensated absences -noncurrent	22,428	-	-	-	-	-	-	-	22,428
Other	11,246	-	-	-	-	-	-	-	11,246
Total noncurrent liabilities	33,674	-	-	-	-	-	-	-	33,674
Total liabilities	274,574	-	-	116,259	5,988	24,642	(3,221)	10,077	120,829
Net assets:									
Invested in capital, net of related debt	20,092	-	-	15,574	-	-	4,518	-	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-
Total net assets	20,092	-	-	15,574	-	-	4,518	-	-
Total	\$ 294,666	\$ -	\$ -	\$ 131,833	\$ 5,988	\$ 24,642	\$ 1,297	\$ 10,077	\$ 120,829

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, 2008

	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-ST6 66-0202	M-07-ST 66-0202
<b>Revenues:</b>									
PHA Operating grants	\$ -	\$ -	\$ -	\$ -	\$ 16,813	\$ 174,159	\$ 257,194	\$ 397,148	\$ 403,560
Other	-	-	-	-	-	-	-	2,000	-
<b>Total Revenues</b>	<b>1,250,874</b>				<b>16,813</b>	<b>174,159</b>	<b>257,194</b>	<b>399,148</b>	<b>403,560</b>
<b>Operating expenses:</b>									
Repairs and maintenance	425,349	-	-	-	-	182,116	22,731	220,502	-
Administrative salaries	224,772	-	-	-	12,259	6,892	100,773	68,451	36,397
Employee benefits	64,371	-	-	-	3,217	1,967	28,128	20,747	10,312
Management fees	48,847	-	-	-	-	-	-	48,847	-
Compensated absences	14,418	-	-	-	-	(16,892)	(4,938)	-	36,248
Travel	13,674	-	-	-	-	-	-	13,674	-
Professional fees	9,750	-	-	-	920	-	2,495	3,989	2,346
Advertising and marketing	7,302	-	-	-	417	-	3,809	1,252	1,824
Depreciation	1,130	-	-	-	-	-	1,130	-	-
Insurance	1,068	-	-	-	-	74	-	426	568
Protective services	116	-	-	-	-	-	23	93	-
Other	441,207	-	-	-	-	2	104,173	21,167	315,865
<b>Total operating expenses</b>	<b>1,252,004</b>				<b>16,813</b>	<b>174,159</b>	<b>258,324</b>	<b>399,148</b>	<b>403,560</b>
Operating loss	(1,130)						(1,130)		
<b>Non-operating revenues:</b>									
Capital grants	-	-	-	-	-	-	-	-	-
Total non-operating revenues	-	-	-	-	-	-	-	-	-
Change in net assets	(1,130)	-	-	-	-	-	(1,130)	-	-
Total net assets, beginning of year	21,222	-	-	15,574	-	-	5,648	-	-
Total net assets, end of year	\$ 20,092	\$ -	\$ -	\$ 15,574	\$ -	\$ -	\$ 4,518	\$ -	\$ -

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, 2008

	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	M-07-ST- 66-0202
<b>Cash flows from operating activities:</b>									
Receipts from customers	\$ 1,248,744	\$ -	\$ -	\$ -	\$ 16,813	\$ 174,159	\$ 257,064	\$ 397,148	\$ 403,560
Payments to suppliers	(947,183)	-	-	-	(1,337)	(182,192)	(133,101)	(309,950)	(320,603)
Payments to employees	(303,561)	-	-	-	(15,476)	8,033	(123,963)	(89,198)	(82,957)
Other receipts (payments)	1,910	-	-	(90)	-	-	-	2,000	-
Net cash provided by (used in) operating activities	(90)	-	-	(90)	-	-	-	-	-
<b>Cash flows from investing activities:</b>									
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	-	-	-	-	-	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>									
Transfers from fund balance	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	-	-	-	-
Net decrease in cash and cash equivalents	(90)	-	-	(90)	-	-	-	-	-
Cash and cash equivalents at beginning year	10,254	-	-	10,254	-	-	-	-	-
Cash and cash equivalents at end of year	\$ 10,164	\$ -	\$ -	\$ 10,164	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>									
Change in net assets	\$ (1,130)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,130)	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Depreciation	1,130	-	-	-	-	-	1,130	-	-
(Increase) decrease in assets:									
Accounts receivable - HUD	(21,408)	-	31,305	-	2,627	74,728	-	(9,521)	(120,547)
Accounts receivable - Due from other funds	154,758	58,313	-	(1,562)	-	-	98,007	-	-
Prepaid and other assets	112,673	3,741	234	100,772	-	-	(266)	(556)	(282)
Increase (decrease) in liabilities:									
Accounts payable - Vendors	-	-	-	-	-	-	-	-	-
Compensated absences	14,419	-	-	-	-	(16,891)	-	-	36,248
Accounts payable - Due to other funds	(243,595)	-	(31,464)	(145,150)	(2,627)	(57,837)	(92,803)	10,077	84,581
Deferred revenues	(16,367)	(62,054)	-	45,850	-	-	-	-	-
Other liabilities	(570)	-	(75)	-	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ (90)	\$ -	\$ -	\$ (90)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2008

ASSETS	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06	GQ-501-07
<b>Current assets:</b>											
Cash:											
Cash - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash - other	-	-	-	-	-	-	-	-	-	-	-
Total cash	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable:											
HUD	267,034	-	-	-	-	-	-	34,333	-	85,795	146,906
Due from other programs	-	-	-	-	-	-	-	-	-	-	-
Total	267,034	-	-	-	-	-	-	34,333	-	85,795	146,906
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-
Total accounts receivable	267,034	-	-	-	-	-	-	34,333	-	85,795	146,906
Inventories	-	-	-	-	-	-	-	-	-	-	-
Investments:											
General fund	-	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	239	-	-	-	-	-	-	239	-	-	-
Total current assets	267,273	-	-	-	-	-	-	34,572	-	85,795	146,906
Noncurrent assets:											
Capital Assets:											
Land, structures and equipment, at cost	4,227,244	-	-	-	1,121,733	-	1,570,303	535,370	991,938	(15,478)	7,900
Accumulated depreciation	(199,162)	-	-	-	(77,556)	-	(106,128)	-	-	-	-
Net capital assets	4,028,082	-	-	-	1,044,177	-	1,464,175	535,370	976,460	7,900	7,900
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	4,028,082	-	-	-	1,044,177	-	1,464,175	535,370	976,460	7,900	7,900
<b>Total assets</b>	<b>\$ 4,295,355</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,044,177</b>	<b>\$ -</b>	<b>\$ 1,498,747</b>	<b>\$ 535,370</b>	<b>\$ 1,062,255</b>	<b>\$ -</b>	<b>\$ 154,806</b>

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, 2008

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06	GQ-501-07
<b>LIABILITIES AND NET ASSETS</b>											
<b>Liabilities:</b>											
Accounts payable:											
Due to other funds	\$ 59,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (39,353)	\$ 23,998	\$ (420)	\$ 74,745	\$ 634
Compensated absences, current portion	473	-	-	-	-	-	-	473	-	-	-
Total accounts payable	<u>60,077</u>	-	-	-	-	-	<u>(39,353)</u>	<u>24,471</u>	<u>(420)</u>	<u>74,745</u>	<u>634</u>
Deferred credits:											
Deferred revenue	200,825	-	-	-	-	-	39,353	3,730	420	11,050	146,272
Total deferred credits	<u>200,825</u>	-	-	-	-	-	<u>39,353</u>	<u>3,730</u>	<u>420</u>	<u>11,050</u>	<u>146,272</u>
Total current liabilities	<u>260,902</u>	-	-	-	-	-	-	<u>28,201</u>	-	<u>85,795</u>	<u>146,906</u>
Noncurrent liabilities:											
Compensated absences, net of current portion	6,371	-	-	-	-	-	-	6,371	-	-	-
Total noncurrent liabilities	<u>6,371</u>	-	-	-	-	-	-	<u>6,371</u>	-	-	-
Total liabilities	<u>267,273</u>	-	-	-	-	-	-	<u>34,572</u>	-	<u>85,795</u>	<u>146,906</u>
Net Assets:											
Invested in capital assets, net of related debt	4,028,082	-	-	-	-	-	1,044,177	1,464,175	535,370	976,460	7,900
Restricted	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-
Total net assets	<u>4,028,082</u>	-	-	-	-	-	<u>1,044,177</u>	<u>1,464,175</u>	<u>535,370</u>	<u>976,460</u>	<u>7,900</u>
Total liabilities and net assets	<u>\$ 4,295,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,044,177</u>	<u>\$ 1,498,747</u>	<u>\$ 535,370</u>	<u>\$ 1,062,255</u>	<u>\$ 154,806</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 Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	Q-711	Q-50100	Q-50101	Q-50102	Q-50103	Q-50104	Q-50105	Q-8D001501-03	Q-08P001501-06	Q-501-07
<b>Operating revenues:</b>										
HUD PHA Grants	\$ 229,108	\$ -	\$ -	\$ -	\$ -	\$ 981	\$ 14,609	\$ -	\$ 66,332	\$ 147,186
Program income	3,209	-	-	-	-	-	280	-	2,230	699
Total operating revenues	232,317	-	-	-	-	981	14,889	-	68,562	147,885
<b>Operating expenses:</b>										
Depreciation	198,931	-	-	-	-	77,326	106,128	-	15,477	-
Salaries and wages	32,296	-	-	-	-	-	14,390	-	17,906	-
Professional fees	3,000	-	-	-	-	750	2,250	-	-	-
Compensated absences	(11,369)	-	-	-	-	-	(11,369)	-	-	-
Insurance	202	-	-	-	-	-	202	-	-	-
Advertising and marketing	5,085	-	-	-	-	-	1,620	-	2,601	864
Management fees	146,271	-	-	-	-	-	-	-	-	146,271
Travel	3,152	-	-	-	-	-	-	-	3,152	-
Other miscellaneous expenses	44,049	-	-	-	-	231	3,858	-	39,210	750
Employee benefits	9,631	-	-	-	-	-	3,938	-	5,693	-
Total operating expenses	431,248	-	-	-	-	78,307	121,017	-	84,039	147,885
Operating loss	(198,931)	-	-	-	-	(77,326)	(106,128)	-	(15,477)	-
<b>Non-operating revenues:</b>										
Capital grants	1,401,225	-	-	-	-	-	104,382	390,448	898,495	7,900
Other income	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues	1,401,225	-	-	-	-	-	104,382	390,448	898,495	7,900
Change in net assets	1,202,294	-	-	-	-	(77,326)	(1,746)	390,448	883,018	7,900
Adjustments and transfers	(11,107,726)	(6,114,249)	(1,355,614)	(1,259,987)	(901,104)	-	-	-	-	-
Total net assets, beginning of year	13,933,514	6,114,249	1,355,614	1,259,987	901,104	1,121,503	1,465,921	144,922	93,442	-
Total net assets, end of year	\$ 4,028,082	\$ -	\$ -	\$ -	\$ -	\$ 1,044,177	\$ 1,464,175	\$ 535,370	\$ 976,460	\$ 7,900

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, 2008

	Total	GQ-711	GQ-50100	GQ-50101	GQ-50102	GQ-50103	GQ-50104	GQ-50105	GQ8D001501-03	GQ08F001501-06	GQ-501-07
<b>Cash flows from operating activities:</b>											
Receipts from customers	\$ 1,630,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981	\$ 118,991	\$ 390,448	\$ 964,829	\$ 155,086
Payments to suppliers	(201,760)	-	-	-	-	-	(981)	(7,931)	-	(44,963)	(147,885)
Payments to employees	(30,558)	-	-	-	-	-	-	(6,958)	-	(23,600)	-
Other cash receipts	3,209	-	-	-	-	-	-	280	-	2,230	699
Net cash provided by operating activities	1,401,226	-	-	-	-	-	-	104,382	390,448	898,496	7,900
<b>Cash flows from capital and related financing activities:</b>											
Acquisition of fixed assets	\$ (1,401,226)	-	-	-	-	-	-	(104,382)	(390,448)	(898,496)	(7,900)
Net cash provided by investing activities	(1,401,226)	-	-	-	-	-	-	(104,382)	(390,448)	(898,496)	(7,900)
<b>Cash flows from investing activities:</b>											
Investment in time certificate of deposit	-	-	-	-	-	-	-	-	-	-	-
Net cash used for investing activities	-	-	-	-	-	-	-	-	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>											
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of change in net assets to net cash provided by (used in) by operating activities:</b>											
Change in net assets	1,202,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77,326)	\$ (1,746)	\$ 390,448	\$ 883,018	\$ 7,900
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:											
Depreciation	198,931	-	-	-	-	-	77,326	106,128	-	15,477	-
Equity transfers and adjustments	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:											
Accounts receivable - HUD	(117,998)	-	-	-	-	-	8,711	50,776	-	(30,579)	(146,906)
Prepaid assets	14,624	-	14,863	-	-	-	-	(239)	-	-	-
Increase (decrease) in liabilities:											
Due to other funds	(46,011)	-	(14,423)	-	16,783	-	(25,636)	(42,899)	-	19,530	634
Compensated absences	(4,369)	-	-	-	-	-	-	(4,369)	-	-	-
Accrued liabilities	(7,024)	-	-	-	(25)	-	-	(6,999)	-	-	-
Deferred credits	160,779	-	(440)	-	(16,758)	-	16,925	3,730	-	11,050	146,272
Net cash provided by operating activities	\$ 1,401,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,382	\$ 390,448	\$ 898,496	\$ 7,900

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, 2008

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
<b>Current assets:</b>							
Cash							
Unrestricted	\$ 276,704	\$ 276,704	-	-	-	-	-
Restricted	190,999	190,999	-	-	-	-	-
Security deposit	15,045	15,045	-	-	-	-	-
Total cash	482,748	482,748	-	-	-	-	-
Accounts receivable:							
Tenants	1,668	1,668	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
HUD	27,249	-	16,149	4,831	-	6,269	-
Government of Guam	-	-	-	-	-	-	-
Interest	255	255	-	-	-	-	-
Other	1,129	1,129	-	-	-	-	-
Total accounts receivable	30,301	3,052	16,149	4,831	-	6,269	-
Investments:							
Unrestricted	-	-	-	-	-	-	-
Restricted/reserved by fiscal agent	199,430	199,430	-	-	-	-	-
Total investments	199,430	199,430	-	-	-	-	-
Prepaid and other assets	2,477	2,477	-	-	-	-	-
Inventories	5,786	5,786	-	-	-	-	-
Total current assets	720,742	693,493	16,149	4,831	-	6,269	-
<b>Noncurrent assets:</b>							
Capital assets, net							
Land and infrastructure	1,380,000	1,380,000	-	-	-	-	-
Depreciable buildings, property and equipment, net	857,581	857,581	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total non-current assets	2,237,581	2,237,581	-	-	-	-	-
Total assets	\$ 2,958,323	\$ 2,931,074	\$ 16,149	\$ 4,831	\$ -	\$ 6,269	\$ -

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, 2008

	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Supportive Services Program	Emergency Shelter Grants Program	Compact Impact Grant Funds
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities:</b>							
Accounts payable:							
Current portion of long-term debt	\$ 38,000	\$ 38,000	-	-	-	-	\$ -
Vendors and contractors	217	217	-	-	-	-	-
Current portion of compensated absences	1,775	1,775	-	-	-	-	-
Due to other funds	635,321	612,558	16,149	345	-	6,269	-
Security Deposits	15,045	15,045	-	-	-	-	-
Accounts payable other	-	-	-	-	-	-	-
Deferred revenues	4,486	-	-	4,486	-	-	-
Accrued salaries and wages	9,996	9,996	-	-	-	-	-
Accrued liabilities - other	-	-	-	-	-	-	-
Total current liabilities	704,840	677,591	16,149	4,831	-	6,269	-
<b>Noncurrent liabilities:</b>							
Long-term portion of notes payable	1,445,089	1,445,089	-	-	-	-	-
Accrued compensated absences	11,365	11,365	-	-	-	-	-
Other liabilities	2,126	2,126	-	-	-	-	-
Total noncurrent liabilities	1,458,580	1,458,580	-	-	-	-	-
Total liabilities	2,163,420	2,136,171	16,149	4,831	-	6,269	-
<b>Net assets:</b>							
Invested capital assets, net of related debt	754,492	754,492	-	-	-	-	-
Restricted	390,429	390,429	-	-	-	-	-
Unrestricted	(350,018)	(350,018)	-	-	-	-	-
Total net assets	794,903	794,903	-	-	-	-	-
Total liabilities and net assets	\$ 2,958,323	\$ 2,931,074	\$ 16,149	\$ 4,831	\$ -	\$ 6,269	\$ -

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, 2008

	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
<b>Operating revenues:</b>						
HUD PHA Operating Grants	\$ 408,213	\$ 407,575	\$ 194,808	\$ -	\$ 143,168	\$ -
Tenant rental income	55,670	-	-	-	-	-
Other Federal Grants	-	-	-	-	-	3,098
<b>Total operating revenues</b>	<b>463,883</b>	<b>407,575</b>	<b>194,808</b>	<b>-</b>	<b>143,168</b>	<b>3,098</b>
<b>Operating expenses:</b>						
Bad debt expense	191,488	-	-	-	-	-
Utilities	104,271	-	-	-	-	-
Depreciation	75,567	-	-	-	-	-
Salaries and wages	59,527	-	17,019	-	1,454	-
Professional fees	49,503	-	-	-	525	-
Repairs and maintenance	40,352	-	-	-	-	-
Management fees	35,280	-	-	-	-	-
Employee benefits	25,801	-	4,754	-	496	-
Insurance	13,375	-	-	-	-	-
Advertising and Marketing	1,543	-	-	-	-	-
Protective services	480	-	-	-	-	-
Compensated absences	(322)	-	-	-	-	-
Other	744,450	407,575	173,035	-	140,693	3,098
<b>Total operating expenses</b>	<b>592,666</b>	<b>407,575</b>	<b>194,808</b>	<b>-</b>	<b>143,168</b>	<b>3,098</b>
<b>Operating loss</b>	<b>(128,783)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-operating revenues (expenses):</b>						
Interest income on unrestricted investments	6,906	-	-	-	-	-
Interest income on restricted investments	735	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Other income	11,761	-	-	-	-	-
Interest expense	(91,225)	-	-	-	-	-
<b>Total non-operating revenues (expenses), net</b>	<b>(71,823)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income (loss) before adjustments and transfers</b>	<b>(200,606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other adjustments and transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in nets assets</b>	<b>(200,606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets at beginning of year</b>	<b>995,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets at end of year</b>	<b>\$ 794,903</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2008

	TOTAL	Supportive Housing for the Elderly	Supportive Housing Program	Shelter Plus Care Program	Supportive Services Program	Emergency Shelter Grant Program	Compact Impact Grant Funds
<b>Cash flows from operating activities:</b>							
Receipts from customers	\$ 741,852	\$ 75,550	\$ 407,575	\$ 194,808	\$ -	\$ 60,821	\$ 3,098
Payments to suppliers	(906,907)	(264,328)	(407,575)	(173,035)	-	(58,871)	(3,098)
Payments to employees	(85,006)	(61,283)	-	(21,773)	-	(1,950)	-
Other cash receipts (payments)	420,050	420,050	-	-	-	-	-
Net cash provided by operating activities	169,989	169,989	-	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>							
Acquisition of fixed assets	(46,873)	(46,873)	-	-	-	-	-
Net cash flows used for capital and related financing activities	(46,873)	(46,873)	-	-	-	-	-
<b>Cash flows from investing activities:</b>							
Repayment of notes payable	(34,710)	(34,710)	-	-	-	-	-
Increase in investments	(5,947)	(5,947)	-	-	-	-	-
Net cash used in investing activities	(40,657)	(40,657)	-	-	-	-	-
Net increase in cash and cash equivalents	82,459	82,459	-	-	-	-	-
Cash and cash equivalents at beginning of year	400,289	400,289	-	-	-	-	-
Cash and cash equivalents at end of year	\$ 482,748	\$ 482,748	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>							
Change in net assets	\$ (200,606)	\$ (200,606)	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile change net assets to net cash provided by operating activities:							
Depreciation	75,567	75,567	-	-	-	-	-
Bad debts	191,488	191,488	-	-	-	-	-
(Increase) decrease in assets:							
Accounts receivable:							
Due from other funds	4,462	344	-	-	4,118	-	-
HUD	78,882	-	31,889	(2,243)	-	49,236	-
Tenants	19,880	19,880	-	-	-	-	-
Interest	(255)	(255)	-	-	-	-	-
Others	257,783	19,129	-	-	4,198	-	234,456
Inventories	947	947	-	-	-	-	-
Prepaid and other assets	6,038	5,570	-	-	-	468	-
Increase (decrease) in liabilities:							
Due to other funds	877	78,290	(31,889)	(1,139)	-	(44,385)	-
Vendors and contractors	(237,450)	(2,994)	-	-	-	-	(234,456)
HUD	(21,067)	(21,067)	-	-	-	-	-
Accrued salaries and wages	9,996	9,996	-	-	-	-	-
Deposits	(37)	(37)	-	-	-	-	-
Compensated absences	(2,449)	(2,449)	-	-	-	-	-
Deferred revenues	(10,253)	-	-	3,382	(8,316)	(5,319)	-
Other	(3,814)	(3,814)	-	-	-	-	-
Net cash provided by operating activities	\$ 169,989	\$ 169,989	\$ -	\$ -	\$ -	\$ -	\$ -

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING FOR THE ELDERLY**

CFDA NO. 14.157

Statement of Net Assets

September 30, 2008

ASSETS

Current assets:	
Cash:	
Unrestricted	\$ 276,704
Restricted	190,999
Security deposits	15,045
Total cash	482,748
Accounts receivable:	
Tenants	1,668
Interest	255
Other	1,129
Total accounts receivable	3,052
Restricted investments	199,430
Inventories	5,786
Prepaid and other current assets	2,477
Total current assets	693,493
Noncurrent assets:	
Capital assets:	
Land	1,380,000
Buildings, property and equipment, net	857,581
Capital assets, net	2,237,581
Total Assets	\$ 2,931,074

LIABILITIES AND NET ASSETS

Liabilities:	
Current liabilities:	
Current portion of long-term debt	\$ 38,000
Vendors	217
Due to other funds	612,558
Security deposits	15,045
Accrued salaries and wages	9,996
Compensated absences - current portion	1,775
Total current liabilities	677,591
Noncurrent liabilities:	
Long-term debt, net of current portion	1,445,089
Compensated absences	11,365
Other liabilities	2,126
Total noncurrent liabilities	1,458,580
Total liabilities	2,136,171
Net assets:	
Invested capital assets, net of related debt	754,492
Restricted	390,429
Unrestricted	(350,018)
Total net assets	794,903
Total Liabilities and Net Assets	\$ 2,931,074

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

SUPPORTIVE HOUSING FOR THE ELDERLY

CFDA NO. 14.157

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended September 30, 2008

Operating revenues:	
HUD PHA grants	\$ 408,213
Tenant income	55,670
	<hr/>
Total operating revenues	463,883
	<hr/>
Operating expenses:	
Bad debts	191,488
Utilities	104,271
Depreciation	75,567
Legal and professional fees	48,978
Administrative salaries	41,054
Repairs and maintenance	40,352
Management fees	35,280
Employee benefits	20,551
Insurance	13,375
Advertising and marketing	1,543
Protective services	480
Compensated absences	(322)
Miscellaneous	20,049
	<hr/>
Total operating expenses	592,666
	<hr/>
Operating loss	(128,783)
	<hr/>
Non-operating revenues (expenses):	
Interest income on unrestricted investments	6,906
Interest income on restricted investments	735
Interest expense	(91,225)
Other income	11,761
	<hr/>
Total non-operating expenses, net	(71,823)
	<hr/>
Change in net assets	(200,606)
	<hr/>
Total net assets at beginning of year	995,509
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Total net assets at end of year	\$ 794,903
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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, 2008

Cash flows from operating activities:	
Receipts from customers	\$ 75,550
Payments to suppliers	(264,328)
Payments to employees	(61,283)
Other cash receipts	<u>420,050</u>
Net cash provided by operating activities	<u>169,989</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	<u>(46,873)</u>
Net cash used in capital and related financing activities	<u>(46,873)</u>
Cash flows from investing activities:	
Repayment of notes payable	(34,710)
Increase in investments	<u>(5,947)</u>
Net cash used in investing activities	<u>(40,657)</u>
Net increase in cash and cash equivalents	82,459
Cash and cash equivalents at beginning of year	<u>400,289</u>
Cash and cash equivalents at end of year	<u><u>\$ 482,748</u></u>
Cash and cash equivalents consist of the following:	
Cash	\$ 276,704
Security deposits	15,045
Restricted cash, including time deposits	<u>190,999</u>
Total cash and cash equivalents at end of year	<u><u>\$ 482,748</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, 2008

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ (200,606)
Adjustments to reconcile change in net assets provided by operating activities:	
Depreciation	75,567
Bad debts	191,488
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	344
Tenants	19,880
Interest	(255)
Other	19,129
Inventories	947
Prepaid and other assets	5,570
Increase (decrease) in liabilities:	
Accounts payable:	
Vendors	(2,994)
Due to other funds	78,290
HUD	(21,067)
Accrued salaries and wages	9,996
Security deposits	(37)
Compensated absences	(2,449)
Other liabilities	(3,814)
	<hr/>
Net cash provided by operating activities	<u><u>\$ 169,989</u></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, 2008

ASSETS	Total	GUO8-B00-0001	GUO8-B00-0004	GUO8-B10-0002	GUO8-B20-0001	GUO8-B20-0002	GUO8-B20-0003	GUO8-B30-0001	GUO8-B40-0002	GUO8-B50-0001	GUO8-B50-0003	GUO8-B50-0004	GUO8-B50-0002	GUO8-B60-0002	GUO8-B60-0001
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:															
HUD	16,149	-	-	-	-	-	-	-	-	-	-	-	-	-	16,149
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 16,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,149</b>
<b>LIABILITIES AND NET ASSETS</b>															
Accounts payable:															
Due to other funds	\$ 16,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,149
HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:															
Compensated absences - current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensated absences - noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 16,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,149</b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

SUPPORTIVE HOUSING PROGRAM  
CFDA NO. 14.235

Combining Statements of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	GUO8-B00-0001	GUO8-B00-0004	GUO8-B10-0002	GUO8-B20-0001	GUO8-B20-0002	GUO8-B20-0003	GUO8-B30-0001	GUO8-B40-0002	GUO8-B50-0001	GUO8-B50-0003	GUO8-B50-0004	GUO8-B50-0002	GUO8-B60-0002	GUO8-B60-0001
<b>Revenues:</b>														
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,445	\$ 20,055	\$ 38,045	\$ 30,000	\$ 19,740	\$ 37,567	\$ 43,185	\$ 175,538
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>407,575</b>						<b>43,445</b>	<b>20,055</b>	<b>38,045</b>	<b>30,000</b>	<b>19,740</b>	<b>37,567</b>	<b>43,185</b>	<b>175,538</b>
<b>Operating expenses:</b>														
Administrative salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	43,445	20,055	38,045	30,000	19,740	37,567	43,185	175,538
<b>Total operating expenses</b>	<b>407,575</b>						<b>43,445</b>	<b>20,055</b>	<b>38,045</b>	<b>30,000</b>	<b>19,740</b>	<b>37,567</b>	<b>43,185</b>	<b>175,538</b>
<b>Operating income</b>														
<b>Non-operating revenues (expenditures):</b>														
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>														
<b>Change in net assets</b>														
Total net assets, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total net assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**SUPPORTIVE HOUSING PROGRAM**  
CFDA NO. 14.235

Combining Statements of Cash Flows  
Year Ended September 30, 2008

	GU08-B00-0001	GU08-B00-0004	GU08-B10-0002	GU08-B20-0001	GU08-B20-0002	GU08-B20-0003	GU08-B30-0001	GU08-B40-0002	GU08-B50-0001	GU08-B50-0003	GU08-B50-0004	GU08-B50-0002	GU08-B60-0002	GU08-B60-0001
<b>Cash flows from operating activities:</b>														
Receipts from customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,445	\$ 20,055	\$ 38,045	\$ 30,000	\$ 19,740	\$ 37,567	\$ 43,185	\$ 175,538
Payments to suppliers	-	-	-	-	-	-	(43,445)	(20,055)	(38,045)	(30,000)	(19,740)	(37,567)	(43,185)	(175,538)
Payments to employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>														
Acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash flows from investing activities:</b>														
Increase in investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) investing activities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and cash equivalents at beginning year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and cash equivalents at end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>														
Change in net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:														
(Increase) decrease in assets:														
Accounts receivable - HUD	31,889	-	3,484	356	3,289	441	-	-	-	-	24,319	-	-	(16,149)
Accounts receivable - Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:														
Accounts payable - Due to other funds	(31,889)	-	(3,484)	(356)	(3,289)	(441)	-	-	-	-	(24,319)	-	-	16,149
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2008

<u>ASSETS</u>	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C40- 0001</u>
Cash	\$ -	\$ -	\$ -
Accounts Receivable:			
HUD	4,831	2,588	2,243
Due from other funds	-	-	-
Prepaid and other assets	-	-	-
Capital assets, net	-	-	-
<b>TOTAL</b>	<b>\$ 4,831</b>	<b>\$ 2,588</b>	<b>\$ 2,243</b>

LIABILITIES AND NET ASSETS

Accounts payable:			
Due to other funds	\$ 345	\$ 2,588	\$ (2,243)
HUD	-	-	-
	-	-	-
Deferred revenues	4,486	-	4,486
Total liabilities	4,831	2,588	2,243
Net assets	-	-	-
<b>TOTAL</b>	<b>\$ 4,831</b>	<b>\$ 2,588</b>	<b>\$ 2,243</b>

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, 2008

	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C40- 0001</u>
Revenues:			
Federal contributions	\$ 194,808	\$ 122,895	\$ 71,913
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>194,808</u>	<u>122,895</u>	<u>71,913</u>
Operating expenses:			
Administrative salaries	17,019	-	17,019
Employee benefits	4,754	-	4,754
Depreciation	-	-	-
Other	<u>173,035</u>	<u>122,895</u>	<u>50,140</u>
Total operating expenses	<u>194,808</u>	<u>122,895</u>	<u>71,913</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>

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, 2008

	<u>Total</u>	<u>GUO8-C10- 0001</u>	<u>GUO8-C10- 0001</u>
Cash flows from operating activities:			
Receipts from customers	\$ 194,808	\$ 122,895	\$ 71,913
Payments to suppliers	(173,035)	(122,895)	(50,140)
Payments to employees	<u>(21,773)</u>	<u>-</u>	<u>(21,773)</u>
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Acquisition of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Transfers from fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:			
Change in net assets	\$ -	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
(Increase) decrease in assets:			
Accounts receivable - HUD	(2,243)	-	(2,243)
Accounts receivable - Due from other funds	-	-	-
Other assets	-	-	-
Increase (decrease) in liabilities:			
Accounts payable - Due to other funds	(1,139)	-	(1,139)
Accounts payable - HUD	-	-	-
Accrued expenses	-	-	-
Deferred revenues	<u>3,382</u>	<u>-</u>	<u>3,382</u>
Net cash provided (used) by operating activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

RESIDENT OPPORTUNITY AND SUPPORTIVE SERVICES

CFDA NO. 14.870

Statement of Net Assets

September 30, 2008

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	-
Others	-
	-
Allowance for doubtful accounts	-
Total accounts receivable	-
Inventories	-
Investments:	
General fund	-
Security deposits	-
Total investments	-
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	\$ -

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, 2008

<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	-
Total deferred credits	<u>-</u>
Total current liabilities	<u>-</u>
Noncurrent liabilities:	
Other	-
Compensated absences, net of current portion	-
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net assets:	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	-
Total net assets	<u>-</u>
Total liabilities and net assets	<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 Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	<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, 2008

	TOTAL
Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers	-
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	\$ -
Reconciliation of change in net assets to net cash provided by (used in) by operating activities:	
Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	-
Bad debts	-
(Increase) decrease in assets:	
Accounts receivable:	
Due from other funds	4,118
HUD	-
Inventories	-
Other assets	4,198
Increase (decrease) in liabilities:	
Accounts payable:	
Trade payables	-
HUD	-
Due to other funds	-
Security deposits	-
Accrued liabilities	-
Deferred credits	(8,316)
Net cash provided (used) by operating activities	\$ -

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, 2008

<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>	<u>S-07-DC- 66-0001</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:							
HUD	6,269	-	-	-	-	525	5,744
Due from other funds	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 6,269</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 525</u></b>	<b><u>\$ 5,744</u></b>
 <u>LIABILITIES AND NET ASSETS</u>							
Accounts payable:							
Due to other funds	\$ 6,269	\$ -	\$ -	\$ -	\$ -	\$ 525	\$ 5,744
HUD	-	-	-	-	-	-	-
Accrued liabilities:							
Compensated absences - current	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Compensated absences - noncurrent	-	-	-	-	-	-	-
Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 6,269</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 525</u></b>	<b><u>\$ 5,744</u></b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY SHELTER GRANTS  
CFDA NO. 14.231**

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	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	S-07-DC- 66-0001
<b>Revenues:</b>							
Federal contributions	\$ 143,168	\$ -	\$ -	\$ -	\$ -	\$ 60,821	\$ 82,347
Other	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>143,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,821</b>	<b>82,347</b>
<b>Operating expenses:</b>							
Administrative salaries	1,454	-	-	-	-	1,454	-
Employee benefits	496	-	-	-	-	496	-
Repair and maintenance	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Legal	525	-	-	-	-	525	-
Travel	-	-	-	-	-	-	-
Other	140,693	-	-	-	-	58,346	82,347
<b>Total operating expenses</b>	<b>143,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,821</b>	<b>82,347</b>
<b>Operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-operating revenues (expenses):</b>							
Interest income	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**EMERGENCY SHELTER GRANTS  
CFDA NO. 14.231**

Combining Statement of Cash Flows  
Year Ended September 30, 2008

	<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>	<u>S-07-DC- 66-0001</u>
Cash flows from operating activities:							
Receipts from customers	\$ 60,821	\$ -	\$ -	\$ -	\$ -	\$ 60,821	\$ 82,347
Payments to suppliers	(58,871)	-	-	-	-	(58,871)	(82,347)
Payments to employees	(1,950)	-	-	-	-	(1,950)	-
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:							
Acquisition of fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Transfers from fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Change in net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
(Increase) decrease in assets:							
Accounts receivable - HUD	49,236	(468)	56	4,957	306	44,385	(5,744)
Accounts receivable - Due from other funds	-	-	-	-	-	-	-
Other assets	468	468	-	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable - Due to other funds	(44,385)	-	-	-	-	(44,385)	5,744
Accounts payable - HUD	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Accrued salaries and wages	-	-	-	-	-	-	-
Deferred revenues	(5,319)	-	(56)	(4,957)	(306)	-	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

COMPACT IMPACT GRANT  
CFDA NO. 15.875

Statement of Net Assets  
September 30, 2008

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

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



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

**COMPACT IMPACT GRANT  
CFDA NO. 15.875**

Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	<u>TOTAL</u>
Operating revenues:	
Federal grants	\$ 3,098
Other income	-
Total operating revenues	<u>3,098</u>
Operating expenses:	
Administrative expense	-
Repairs and maintenance	3,098
Employee benefits	-
Total operating expenses	<u>3,098</u>
Operating income	<u>-</u>
Non-operating revenues:	
Interest on general fund investments	-
Total non-operating revenues	<u>-</u>
Change in net assets	-
Total net assets, beginning of year	<u>-</u>
Total net assets, end of year	<u>\$ -</u>

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, 2008

	<b>TOTAL</b>
Cash flows from operating activities:	
Receipts from customers	\$ 3,098
Payments to suppliers	(3,098)
Net cash provided by operating activities	-
Cash flows from capital and related financing activities:	
Transfers to fund balance	-
Net cash provided by financing activities	-
Cash flows from investing activities:	
Acquisition of fixed assets	-
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 change in net assets to net cash provided by (used in) by operating activities:	
Change in net assets	\$ -
Adjustments to reconcile change in net assets 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	-
Net cash provided (used) by operating activities	\$ -

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, 2008

ASSETS	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
<b>Current assets:</b>					
Cash					
Unrestricted	\$ 2,320,230	\$ 2,068,896	\$ 251,334	\$ -	\$ -
Restricted	99,995	-	99,995	-	-
Total cash	<u>2,420,225</u>	<u>2,068,896</u>	<u>351,329</u>	-	-
Accounts receivable:					
Due from other funds	4,098,132	1,671,388	1,872,874	7,062	546,808
Interest	1,922	1,041	-	89	792
Promissory notes, current portion	38,707	38,707	-	-	-
Allowance for doubtful accounts	(9,935)	(5,035)	(4,900)	-	-
Travel advances	24,000	-	24,000	-	-
Other	608,422	570,526	34,456	-	3,440
Total accounts receivable	<u>4,761,248</u>	<u>2,276,627</u>	<u>1,926,430</u>	<u>7,151</u>	<u>551,040</u>
Investments	1,326,424	636,297	-	69,699	620,428
Prepaid and other assets	108,869	15,779	93,090	-	-
Other real estate	<u>3,777,177</u>	<u>3,777,177</u>	-	-	-
Total current assets	<u>12,393,943</u>	<u>8,774,776</u>	<u>2,370,849</u>	<u>76,850</u>	<u>1,171,468</u>
Noncurrent assets:					
Capital assets, net	420,727	77,041	41,598	-	302,088
Promissory notes - noncurrent	1,038,299	1,038,299	-	-	-
Other assets	225,936	225,936	-	-	-
Total non-current assets	<u>1,684,962</u>	<u>1,341,276</u>	<u>41,598</u>	-	<u>302,088</u>
Total Assets	<u>\$ 14,078,905</u>	<u>\$ 10,116,052</u>	<u>\$ 2,412,447</u>	<u>\$ 76,850</u>	<u>\$ 1,473,556</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities:</b>					
Accounts payable:					
Due to other funds	\$ 4,820,458	\$ 2,065,344	\$ 1,313,405	\$ -	\$ 1,441,709
Vendors and contractors	67,023	134	66,889	-	-
Compensated absences - current portion	(8,794)	(8,794)	-	-	-
Other	943,917	-	943,917	-	-
Accrued liabilities	193,120	120,860	71,168	-	1,092
Deferred revenues	<u>1,949,387</u>	<u>1,916,047</u>	<u>33,340</u>	-	-
Total Current Liabilities	7,965,111	4,093,591	2,428,719	-	1,442,801
Noncurrent liabilities:					
Accrued compensated absences	(11,827)	(11,827)	-	-	-
Accrued sick leave	3,796	3,796	-	-	-
Total noncurrent liabilities	<u>(8,031)</u>	<u>(8,031)</u>	-	-	-
Total Current Liabilities	7,957,080	4,085,560	2,428,719	-	1,442,801
<b>Net Assets:</b>					
Invested capital assets, net of related debt	4,197,904	3,854,218	41,598	-	302,088
Restricted	25,000	-	25,000	-	-
Unrestricted	<u>1,898,921</u>	<u>2,176,274</u>	<u>(82,870)</u>	<u>76,850</u>	<u>(271,333)</u>
Total Net Assets	6,121,825	6,030,492	(16,272)	76,850	30,755
Total Liabilities and Net Assets	<u>\$ 14,078,905</u>	<u>\$ 10,116,052</u>	<u>\$ 2,412,447</u>	<u>\$ 76,850</u>	<u>\$ 1,473,556</u>

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

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

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended September 30, 2008

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Operating revenues:					
Property Sales	\$ 5,927	\$ 5,000	\$ -	\$ -	\$ 927
Management fees	1,227,717	1,227,717	-	-	-
Asset management fees	90,000	90,000	-	-	-
Bookkeeping fees	286,462	286,462	-	-	-
Other	52,602	7,886	13,775	-	30,941
Total operating revenues	<u>1,662,708</u>	<u>1,617,065</u>	<u>13,775</u>	-	<u>31,868</u>
Operating expenses:					
Administrative salaries	987,509	987,509	-	-	-
Employee benefits	292,786	292,786	-	-	-
Repairs and maintenance	88,624	88,624	-	-	-
Legal and professional fees	80,359	80,359	-	-	-
Travel	55,467	48,866	6,601	-	-
Depreciation	48,805	5,688	3,743	-	39,374
Utilities	35,077	35,077	-	-	-
Office rent	20,393	20,393	-	-	-
Bad debts	13,841	5,035	5,207	-	3,599
Insurance	9,135	9,135	-	-	-
Tenant services	5,943	5,943	-	-	-
Advertising and marketing	5,285	5,285	-	-	-
Protective services	573	573	-	-	-
Compensated absences	(16,825)	(16,825)	-	-	-
Other	2,634,366	431,471	2,200,925	-	1,970
Total operating expenses	<u>4,261,338</u>	<u>1,999,919</u>	<u>2,216,476</u>	-	<u>44,943</u>
Operating income (loss)	<u>(2,598,630)</u>	<u>(382,854)</u>	<u>(2,202,701)</u>	-	<u>(13,075)</u>
Non-operating revenues:					
Other income	1,715	1,715	-	-	-
Investment income	43,411	21,741	210	2,168	19,292
Total non-operating revenues	<u>45,126</u>	<u>23,456</u>	<u>210</u>	<u>2,168</u>	<u>19,292</u>
Change in net assets	<u>(2,553,504)</u>	<u>(359,398)</u>	<u>(2,202,491)</u>	<u>2,168</u>	<u>6,217</u>
Adjustments and transfers	57,759	57,759	-	-	-
Total net assets at beginning of year	<u>8,617,570</u>	<u>6,332,131</u>	<u>2,186,219</u>	<u>74,682</u>	<u>24,538</u>
Total net assets at end of year	<u>\$ 6,121,825</u>	<u>\$ 6,030,492</u>	<u>\$ (16,272)</u>	<u>\$ 76,850</u>	<u>\$ 30,755</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds  
 Combining Statement of Cash Flows  
 Year Ended September 30, 2008

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Cash flows from operating activities:					
Receipts from customers	\$ 1,633,539	\$ 1,616,549	\$ 13,985	\$ 2,078	\$ 927
Payments to suppliers	(778,588)	(725,726)	(51,542)	-	(1,320)
Payments to employees	(1,263,470)	(1,263,470)	-	-	-
Other cash receipts	1,068,789	1,134,563	(92,381)	-	26,607
Net cash provided by operating activities	<u>660,270</u>	<u>761,916</u>	<u>(129,938)</u>	<u>2,078</u>	<u>26,214</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	(140,447)	(132,733)	-	-	(7,714)
Net cash flows used for capital and related financing activities	<u>(140,447)</u>	<u>(132,733)</u>	<u>-</u>	<u>-</u>	<u>(7,714)</u>
Cash flows from investing activities:					
Increase in investments	(39,552)	(18,974)	-	(2,078)	(18,500)
Net cash used for investing activities	<u>(39,552)</u>	<u>(18,974)</u>	<u>-</u>	<u>(2,078)</u>	<u>(18,500)</u>
Net increase in cash and cash equivalents	480,271	610,209	(129,938)	-	-
Cash and cash equivalents at beginning of year	1,939,954	1,458,687	481,267	-	-
Cash and cash equivalents at end of year	<u>\$ 2,420,225</u>	<u>\$ 2,068,896</u>	<u>\$ 351,329</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of change in net assets to net cash provided by (used for) operating activities:					
Change in net assets	\$ (2,553,504)	\$ (359,398)	\$ (2,202,491)	\$ 2,168	\$ 6,217
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	48,805	5,688	3,743	-	39,374
Bad debts	10,603	5,035	5,207	-	361
(Increase) decrease in assets:					
Accounts receivable:					
Due from other funds	2,114,977	(914,686)	3,029,625	-	38
Travel advances	667	-	667	-	-
Promissory notes	42,810	42,810	-	-	-
Interest	(1,923)	(1,041)	-	(90)	(792)
Others	(601,604)	(570,386)	(34,456)	-	3,238
Prepaid expenses and other assets	(333,010)	(240,095)	(92,915)	-	-
Land held for sale	207,918	207,918	-	-	-
Increase (decrease) in liabilities:					
Due to other funds	1,476,776	1,863,161	(483,049)	-	96,664
Vouchers	17,032	(1,411)	18,443	-	-
Compensated absences	(16,825)	(16,825)	-	-	-
Accrued liabilities	54,023	94,541	78,368	-	(118,886)
Deferred revenues	679,945	646,605	33,340	-	-
Other	(486,420)	-	(486,420)	-	-
Net cash provided by operating activities	<u>\$ 660,270</u>	<u>\$ 761,916</u>	<u>\$ (129,938)</u>	<u>\$ 2,078</u>	<u>\$ 26,214</u>

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

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

LOCAL FUNDS  
Combining Statement of Net Assets  
September 30, 2008

ASSETS	TOTAL	Sinajana Non-Title I	Gov Guam Astumbo	Nauru Project	Gov Guam	Low Cost Housing	Central Office Cost Center	Down Payment Closing Cost	Home Rehabilitation
<b>Current assets:</b>									
Cash - unrestricted	\$ 1,121,802	\$ -	\$ -	\$ -	\$ -	\$ 444,782	\$ 599,585	\$ 62,720	\$ 14,715
Cash - restricted for FSS	95,262	-	-	-	-	-	95,262	-	-
Cash - other restricted	851,832	-	-	-	-	-	851,832	-	-
Total cash	2,068,896	-	-	-	-	444,782	1,546,679	62,720	14,715
Accounts receivable:									
Due from other funds	1,671,388	1,666	776,148	4,835	43,727	-	845,191	-	(179)
HUD	-	-	-	-	-	-	-	-	-
Promissory notes, current portion	38,707	-	-	-	-	-	-	38,707	-
Allowance for doubtful accounts	(5,035)	-	-	-	-	-	-	(5,035)	-
Accrued interest receivable	1,041	-	-	-	-	812	229	-	-
Other	570,526	-	-	-	-	140	-	570,386	-
Total accounts receivable	2,276,627	1,666	776,148	4,835	43,727	952	845,420	604,058	(179)
Investments	636,297	-	-	-	-	636,297	-	-	-
Prepaid and other assets	15,779	-	-	-	-	-	15,779	-	-
Land held for sale	3,777,177	-	-	-	-	3,777,177	-	-	-
Total current assets	8,774,776	1,666	776,148	4,835	43,727	4,859,208	2,407,878	666,778	14,536
Noncurrent assets:									
Capital assets	139,238	-	1,774	-	-	1,385	136,079	-	-
Accumulated depreciation	(62,197)	-	(16)	-	-	-	(62,181)	-	-
Capital assets, net	77,041	-	1,758	-	-	1,385	73,898	-	-
Promissory notes, noncurrent	1,038,299	-	-	-	-	-	-	948,353	89,946
Other assets	225,936	-	-	-	-	-	225,936	-	-
Total non-current assets	1,341,276	-	1,758	-	-	1,385	299,834	948,353	89,946
Total assets	\$ 10,116,052	\$ 1,666	\$ 777,906	\$ 4,835	\$ 43,727	\$ 4,860,593	\$ 2,707,712	\$ 1,615,131	\$ 104,482
<b>LIABILITIES AND NET ASSETS</b>									
<b>Liabilities:</b>									
Accounts payable:									
Vendors	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134	\$ -	\$ -
Due to other funds	2,065,344	-	119,555	-	-	72,312	2,013,006	(132,426)	(7,103)
Compensated absences - current portion	(8,794)	-	-	-	-	-	(8,794)	-	-
Accrued liabilities	120,860	-	-	-	-	25,597	95,263	-	-
Deferred revenues	1,916,047	-	-	-	-	-	38,563	1,768,395	109,089
Total current liabilities	4,093,591	-	119,555	-	-	97,909	2,138,172	1,635,969	101,986
Noncurrent liabilities:									
Accrued compensated absences	(11,827)	-	-	-	-	-	(11,827)	-	-
Accrued sick leave	3,796	-	-	-	-	-	3,796	-	-
Total noncurrent liabilities	(8,031)	-	-	-	-	-	(8,031)	-	-
Total liabilities	4,085,560	-	119,555	-	-	97,909	2,130,141	1,635,969	101,986
Net assets:									
Invested capital assets, net of related debt	3,854,218	-	1,758	-	-	3,778,562	73,898	-	-
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	2,176,274	1,666	656,593	4,835	43,727	984,122	503,673	(20,838)	2,496
Total net assets	6,030,492	1,666	658,351	4,835	43,727	4,762,684	577,571	(20,838)	2,496
Total liabilities and net assets	\$ 10,116,052	\$ 1,666	\$ 777,906	\$ 4,835	\$ 43,727	\$ 4,860,593	\$ 2,707,712	\$ 1,615,131	\$ 104,482

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, 2008

	TOTAL	Sinjajana Non-Title I	Gov Guam Astumbo	Nauru Project	Gov Guam	Low Cost Housing	Central Office Cost Center	Down Payment Closing Cost	Home Rehabilitation
<b>Operating revenues:</b>									
Property Sales	\$ 5,000	\$ -	\$ -	\$ -	\$ -	5,000	\$ -	\$ -	-
Management fees	1,227,717	-	-	-	-	-	1,227,717	-	-
Asset management fees	90,000	-	-	-	-	-	90,000	-	-
Bookkeeping fees	286,462	-	-	-	-	-	286,462	-	-
Other	7,886	-	-	-	-	-	1,221	5,655	1,010
<b>Total operating revenues</b>	<b>1,617,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>1,605,400</b>	<b>5,655</b>	<b>1,010</b>
<b>Operating expenses:</b>									
Administrative salaries	987,509	-	-	-	-	10,264	975,353	1,892	-
Employee benefits	292,786	-	-	-	-	2,730	289,483	573	-
Office rent	20,393	-	20,393	-	-	-	-	-	-
Professional fees	80,359	-	-	-	-	-	80,359	-	-
Travel	48,866	-	-	-	-	-	48,866	-	-
Tenant services	5,943	-	-	-	-	-	5,943	-	-
Insurance	9,135	-	-	-	-	-	9,135	-	-
Protective services	573	-	-	-	-	-	573	-	-
Repairs and maintenance	88,624	-	-	-	-	-	88,624	-	-
Depreciation	5,688	-	-	-	-	-	5,688	-	-
Compensated absences	(16,825)	-	-	-	-	-	(16,825)	-	-
Advertising and marketing	5,285	-	-	-	-	-	5,285	-	-
Utilities	35,077	-	9,045	-	-	-	26,032	-	-
Bad debts	5,035	-	-	-	-	-	-	5,035	-
Other	431,471	-	80,294	-	-	207,918	142,589	670	-
<b>Total operating expenses</b>	<b>1,999,919</b>	<b>-</b>	<b>109,732</b>	<b>-</b>	<b>-</b>	<b>220,912</b>	<b>1,661,105</b>	<b>8,170</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(382,854)</b>	<b>-</b>	<b>(109,732)</b>	<b>-</b>	<b>-</b>	<b>(215,912)</b>	<b>(55,705)</b>	<b>(2,515)</b>	<b>1,010</b>
<b>Non-operating revenues:</b>									
Other income	1,715	-	1,715	-	-	-	-	-	-
Investment income	21,741	-	847	-	-	20,894	-	-	-
<b>Total non-operating income</b>	<b>23,456</b>	<b>-</b>	<b>2,562</b>	<b>-</b>	<b>-</b>	<b>20,894</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(359,398)</b>	<b>-</b>	<b>(107,170)</b>	<b>-</b>	<b>-</b>	<b>(195,018)</b>	<b>(55,705)</b>	<b>(2,515)</b>	<b>1,010</b>
<b>Adjustments and transfers</b>	<b>57,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,759</b>	<b>-</b>	<b>-</b>
<b>Total net assets at beginning of year</b>	<b>6,332,131</b>	<b>1,666</b>	<b>765,521</b>	<b>4,835</b>	<b>43,727</b>	<b>4,957,702</b>	<b>575,517</b>	<b>(18,323)</b>	<b>1,486</b>
<b>Total net assets at end of year</b>	<b>\$ 6,030,492</b>	<b>\$ 1,666</b>	<b>\$ 658,351</b>	<b>\$ 4,835</b>	<b>\$ 43,727</b>	<b>\$ 4,762,684</b>	<b>\$ 577,571</b>	<b>\$ (20,838)</b>	<b>\$ 2,496</b>

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, 2008

	TOTAL	Sinajana Non-Title I	Gov Guam Astumbo	Nauru Project	Gov Guam	Low Cost Housing	Central Office Cost Center	Down Payment Closing Cost	Home Rehabilitation
<b>Cash flows from operating activities:</b>									
Receipts from customers	\$ 1,616,549	\$ -	\$ 1,715	\$ -	\$ -	\$ 5,000	\$ 1,604,179	\$ 5,655	\$ -
Payments to suppliers	(725,726)	-	(109,732)	-	-	(207,918)	(407,406)	(670)	-
Payments to employees	(1,263,470)	-	-	-	-	(12,994)	(1,248,011)	(2,465)	-
Other cash receipts (payments)	1,134,563	-	108,017	-	-	240,994	740,670	37,538	7,344
Net cash provided by operating activities	761,916	-	-	-	-	25,082	689,432	40,058	7,344
<b>Cash flows from capital and related financing activities:</b>									
Acquisition of capital assets	(132,733)	-	-	-	-	-	(132,733)	-	-
Net cash used in capital and related financing activities	(132,733)	-	-	-	-	-	(132,733)	-	-
<b>Cash flows from investing activities:</b>									
Decrease (increase) in investments	(18,974)	-	-	-	-	(18,974)	-	-	-
Net cash used in investing activities	(18,974)	-	-	-	-	(18,974)	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>610,209</b>					<b>6,108</b>	<b>556,699</b>	<b>40,058</b>	<b>7,344</b>
Cash and cash equivalents at beginning of year	1,458,687	-	-	-	-	438,674	989,980	22,662	7,371
Cash and cash equivalents at end of year	2,068,896	\$ -	\$ -	\$ -	\$ -	\$ 444,782	\$ 1,546,679	\$ 62,720	\$ 14,715
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>									
Change in net assets	\$ (359,398)	\$ -	\$ (107,170)	\$ -	\$ -	\$ (195,018)	\$ (55,705)	\$ (2,515)	\$ 1,010
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Depreciation	5,688	-	-	-	-	-	5,688	-	-
Bad debts	5,035	-	-	-	-	-	-	5,035	-
(Increase) decrease in assets:									
Accounts receivable:									
Due from other funds	(914,686)	-	-	-	-	-	(914,865)	-	179
Promissory notes	42,810	-	-	-	-	-	-	73,415	(30,605)
Interest	(1,041)	-	-	-	-	(812)	(229)	-	-
Other	(570,386)	-	-	-	-	-	-	(570,386)	-
Prepaid and other assets	(240,095)	-	-	-	-	-	(240,120)	-	25
Land held for sale	207,918	-	-	-	-	207,918	-	-	-
Increase (decrease) in liabilities:									
Accounts payable:									
Due to other funds	1,863,161	-	107,170	-	-	12,994	1,779,259	(36,262)	-
Vendors and contractors	(1,411)	-	-	-	-	-	(1,411)	-	-
Compensated absences	(16,825)	-	-	-	-	-	(16,825)	-	-
Accrued liabilities	94,541	-	-	-	-	-	94,541	-	-
Deferred revenue	646,605	-	-	-	-	-	39,099	570,771	36,735
Other	-	-	-	-	-	-	-	-	-
Net cash provided by operating activities	\$ 761,916	\$ -	\$ -	\$ -	\$ -	\$ 25,082	\$ 689,432	\$ 40,058	\$ 7,344

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, 2008

<u>ASSETS</u>	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Current Assets:			
Cash:			
Unrestricted	\$ 251,334	\$ 64,380	\$ 186,954
Restricted	99,995	-	99,995
Total cash	<u>351,329</u>	<u>64,380</u>	<u>286,949</u>
Accounts Receivable:			
Due from other funds	1,872,874	528	1,872,346
Other	34,456	-	34,456
Travel advances	24,000	-	24,000
Allowance for doubtful accounts - other	(4,900)	-	(4,900)
Total accounts receivable	<u>1,926,430</u>	<u>528</u>	<u>1,925,902</u>
Investments	-	-	-
Prepaid and other assets	<u>93,090</u>	<u>-</u>	<u>93,090</u>
Total current assets	<u>2,370,849</u>	<u>64,908</u>	<u>2,305,941</u>
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>	<u>-</u>
Total non-current assets	<u>41,598</u>	<u>41,598</u>	<u>-</u>
Total assets	<u>\$ 2,412,447</u>	<u>\$ 106,506</u>	<u>\$ 2,305,941</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts Payable:			
Due to other funds	\$ 1,313,405	\$ 227,613	\$ 1,085,792
Vendors	66,889	-	66,889
Other	943,917	-	943,917
Other accrued liabilities	71,168	-	71,168
Deferred revenues	33,340	-	33,340
Total liabilities	<u>2,428,719</u>	<u>227,613</u>	<u>2,201,106</u>
Net assets:			
Invested in capital assets, net of related debt	41,598	41,598	-
Restricted	25,000	-	25,000
Unrestricted	(82,870)	(162,705)	79,835
Total net assets (deficit)	<u>(16,272)</u>	<u>(121,107)</u>	<u>104,835</u>
Total liabilities and net assets	<u>\$ 2,412,447</u>	<u>\$ 106,506</u>	<u>\$ 2,305,941</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, 2008

	Total	Local Revolving Fund	Revolving Fund
Operating revenues:			
Other Government Grants	\$ -	\$ -	\$ -
Other	13,775	10,808	2,967
Total operating revenues	<u>13,775</u>	<u>10,808</u>	<u>2,967</u>
Operating Expenses:			
Administrative salaries	-	-	-
Employee benefits	-	-	-
Depreciation	3,743	3,743	-
Travel	6,601	6,601	-
Bad debts	5,207	307	4,900
Other	2,200,925	40,041	2,160,884
Total operating expenses	<u>2,216,476</u>	<u>50,692</u>	<u>2,165,784</u>
Operating income (loss)	<u>(2,202,701)</u>	<u>(39,884)</u>	<u>(2,162,817)</u>
Non-operating revenues:			
Investment income	210	210	-
Total non-operating revenues	<u>210</u>	<u>210</u>	<u>-</u>
Change in net assets	(2,202,491)	(39,674)	(2,162,817)
Total net assets (deficit) at beginning of year	<u>2,186,219</u>	<u>(81,433)</u>	<u>2,267,652</u>
Total net assets (deficit) at end of year	<u>\$ (16,272)</u>	<u>\$ (121,107)</u>	<u>\$ 104,835</u>

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Other Enterprise Funds

**REVOLVING FUNDS**

Combining Statement of Cash Flows

Year Ended September 30, 2008

	<u>Total</u>	<u>Local Revolving Fund</u>	<u>Revolving Fund</u>
Cash flows from operating activities:			
Receipts from customers	\$ 13,985	\$ 11,018	\$ 2,967
Payments to suppliers	(51,542)	(46,642)	(4,900)
Payments to employees	-	-	-
Other cash receipts (payments)	<u>(92,381)</u>	<u>(4,032)</u>	<u>(88,349)</u>
Net cash provided by (used in) operating activities	<u>(129,938)</u>	<u>(39,656)</u>	<u>(90,282)</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	(129,938)	(39,656)	(90,282)
Cash and cash equivalents at beginning of year	<u>481,267</u>	<u>104,036</u>	<u>377,231</u>
Cash and cash equivalents at end of year	<u>\$ 351,329</u>	<u>\$ 64,380</u>	<u>\$ 286,949</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:			
Change in net assets	\$ (2,202,491)	\$ (39,674)	\$ (2,162,817)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	3,743	3,743	-
Bad debts	5,207	307	4,900
(Increase) decrease in assets:			
Accounts receivable:			
Due from other funds	3,029,625	-	3,029,625
Travel advances	667	-	667
Other	(34,456)	-	(34,456)
Prepaid expenses and other assets	(92,915)	175	(93,090)
Increase (decrease) in liabilities:			
Accounts payable:			
Due to other funds	(483,049)	(4,207)	(478,842)
Vouchers	18,443	-	18,443
Other	(486,420)	-	(486,420)
Other accrued liabilities	78,368	-	78,368
Deferred revenues	<u>33,340</u>	<u>-</u>	<u>33,340</u>
Net cash provided by (used in) operating activities	<u>\$ (129,938)</u>	<u>\$ (39,656)</u>	<u>\$ (90,282)</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, 2008

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
Interest	89	-	\$ 89	\$ -
Investments	<u>69,699</u>	<u>-</u>	<u>69,699</u>	<u>-</u>
 Total assets	 <u>\$ 76,850</u>	 <u>\$ 900</u>	 <u>\$ 72,985</u>	 <u>\$ 2,965</u>
 <u>Liabilities and Net Assets</u>				
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>76,850</u>	<u>900</u>	<u>72,985</u>	<u>2,965</u>
 Total net assets	 <u>76,850</u>	 <u>900</u>	 <u>72,985</u>	 <u>2,965</u>
 Total liabilities and net assets	 <u>\$ 76,850</u>	 <u>\$ 900</u>	 <u>\$ 72,985</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, 2008

	<u>Total</u>	<u>Yona Rehab Loan Escrow</u>	<u>Sinajana Rehabilitation Escrow</u>	<u>War in the Pacific</u>
Revenues:				
Property sales	\$ -	\$ -	\$ -	\$ -
Investment income	2,168	-	2,168	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,168</u>	<u>-</u>	<u>2,168</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	2,168	-	2,168	-
Net assets at beginning of year	<u>74,682</u>	<u>900</u>	<u>70,817</u>	<u>2,965</u>
Net assets at end of year	<u>\$ 76,850</u>	<u>\$ 900</u>	<u>\$ 72,985</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, 2008

	<u>Total</u>	<u>Yona Rehab Loan Escrow</u>	<u>Sinajana Rehabilitation Escrow</u>	<u>War in the Pacific</u>
Cash flows from operating activities:				
Receipts from customers	\$ 2,078	\$ -	\$ 2,078	\$ -
Net cash provided by operating activities	<u>2,078</u>	<u>-</u>	<u>2,078</u>	<u>-</u>
Cash flows from investing activities:				
Increase in investments	<u>(2,078)</u>	<u>-</u>	<u>(2,078)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,078)</u>	<u>-</u>	<u>(2,078)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of change in net assets to net cash provided by operating activities:				
Change in net assets	\$ 2,168	\$ -	\$ 2,168	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
(Increase) decrease in assets:				
Accounts receivable:				
Due from other funds	-	-	-	-
Interest	(90)	-	(90)	-
Increase (decrease) in liabilities:				
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 2,078</u>	<u>\$ -</u>	<u>\$ 2,078</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, 2008

ASSETS	OTHER FUNDS				Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation			
Current assets:							
Accounts receivable:							
Due from other funds	\$ 546,808	\$ -	\$ 2,161	\$ -	\$ 439,280	\$ 105,367	\$ -
Interest	792	792	-	-	-	-	-
Other	3,440	-	-	3,440	-	-	-
	<u>551,040</u>	<u>792</u>	<u>2,161</u>	<u>3,440</u>	<u>439,280</u>	<u>105,367</u>	<u>-</u>
Investments	<u>620,428</u>	<u>620,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,171,468</u>	<u>621,220</u>	<u>2,161</u>	<u>3,440</u>	<u>439,280</u>	<u>105,367</u>	<u>-</u>
Noncurrent assets:							
Capital assets, net	302,088	-	38,815	-	163,391	99,882	-
Total non-current assets	<u>302,088</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>163,391</u>	<u>99,882</u>	<u>-</u>
Total assets	<u>\$ 1,473,556</u>	<u>\$ 621,220</u>	<u>\$ 40,976</u>	<u>\$ 3,440</u>	<u>\$ 602,671</u>	<u>\$ 205,249</u>	<u>\$ -</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities:							
Accounts payable:							
Due to other funds	\$ 1,441,709	\$ 29,755	\$ 12,488	\$ 95	\$ 1,176,423	\$ 94,701	\$ 128,247
Accrued liabilities	<u>1,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,092</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,442,801</u>	<u>29,755</u>	<u>12,488</u>	<u>95</u>	<u>1,177,515</u>	<u>94,701</u>	<u>128,247</u>
Net assets:							
Invested capital assets, net of related debt	302,088	-	38,815	-	163,391	99,882	-
Unrestricted	<u>(271,333)</u>	<u>591,465</u>	<u>(10,327)</u>	<u>3,345</u>	<u>(738,235)</u>	<u>10,666</u>	<u>(128,247)</u>
Total net assets	<u>30,755</u>	<u>591,465</u>	<u>28,488</u>	<u>3,345</u>	<u>(574,844)</u>	<u>110,548</u>	<u>(128,247)</u>
Total liabilities and net assets	<u>\$ 1,473,556</u>	<u>\$ 621,220</u>	<u>\$ 40,976</u>	<u>\$ 3,440</u>	<u>\$ 602,671</u>	<u>\$ 205,249</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, 2008

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Operating revenues:							
Property Sales	\$ 927	-	\$ -	-	\$ -	\$ 927	\$ -
Other	30,941	-	-	-	-	78	30,863
Total operating revenues	31,868	-	-	-	-	1,005	30,863
Operating expenses:							
Administrative salaries	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Depreciation	39,374	-	-	-	39,374	-	-
Bad debts	3,599	361	3,238	-	-	-	-
Other	1,970	-	-	-	1,320	650	-
Total operating expenses	44,943	361	3,238	-	40,694	650	-
Operating income (loss)	(13,075)	(361)	(3,238)	-	(40,694)	355	30,863
Non-operating revenues:							
Investment income	19,292	19,292	-	-	-	-	-
Total non-operating revenues (expenses)	19,292	19,292	-	-	-	-	-
Change in net assets	6,217	18,931	(3,238)	-	(40,694)	355	30,863
Total net assets at beginning of year	24,538	572,534	31,726	3,345	(534,150)	110,193	(159,110)
Total net assets at end of year	\$ 30,755	\$ 591,465	\$ 28,488	\$ 3,345	\$ (574,844)	\$ 110,548	\$ (128,247)

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, 2008

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Assan	Program Income Account Sinajana
Cash flows from operating activities:							
Receipts from customers	\$ 927	\$ -	\$ -	\$ -	\$ -	\$ 927	\$ -
Payments to suppliers	(1,320)	-	-	-	(1,320)	-	-
Payments to employees	-	-	-	-	-	-	-
Other cash receipts (payments)	26,607	18,500	-	-	9,034	(927)	-
Net cash provided by operating activities	26,214	18,500	-	-	7,714	-	-
Cash flows from capital and related financing activities:							
Acquisition of fixed assets	(7,714)	-	-	-	(7,714)	-	-
Net cash flows (used for) provided by capital and related financing activities	(7,714)	-	-	-	(7,714)	-	-
Cash flows from investing activities:							
Increase in investments	(18,500)	(18,500)	-	-	-	-	-
Net cash used in investing activities	(18,500)	(18,500)	-	-	-	-	-
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 change in net assets to net cash provided by (used in) operating activities:							
Change in net assets	\$ 6,217	\$ 18,931	\$ (3,238)	\$ -	\$ (40,694)	\$ 355	\$ 30,863
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Depreciation	39,374	-	-	-	-	-	-
Bad debts	361	361	-	-	39,374	-	-
(Increase) decrease in assets:							
Due from other funds	38	-	-	-	-	38	-
Interest	(792)	(792)	-	-	-	-	-
Others	3,238	-	3,238	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable:							
Due to other funds	96,664	-	-	-	96,941	(277)	-
Accrued liabilities	(118,886)	-	-	-	(87,907)	(116)	(30,863)
Others	-	-	-	-	-	-	-
Net cash provided by operating activities	\$ 26,214	\$ 18,500	\$ -	\$ -	\$ 7,714	\$ -	\$ -

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

**GUAM HOUSING AND  
URBAN RENEWAL AUTHORITY**

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**SINGLE AUDIT AND HUD REPORTS**

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**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**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), a component unit of the Government of Guam, as of and for the year ended September 30, 2008, and have issued my report thereon dated June 3, 2009. 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. I consider the deficiency: 2008-10 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 Number 2008-10 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 Finding Numbers 2008-1 through 2008-9.

I noted certain matters that I reported to management of GHURA in a separate letter dated June 3, 2009.

GHURA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the Authority's responses and, accordingly, I express no opinion on them.

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  
June 3, 2009

**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, 2008. GHURA's major federal programs are identified in the Summary of Auditor's Results section on page 118 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 2008-1 through 2008-09 in the accompanying Schedule of Findings and Questioned Costs, GHRUA did not comply with eligibility and special tests and provisions 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, 2008.

### 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. 2008-1 through 2008-9 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 number 2008-1 and 2008-9 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, 2008, and have issued my report thereon dated June 3, 2009. 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 114 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 Magliari & Company*  
Hagåtña, Guam  
June 3, 2009

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Expenditures of Federal Awards  
For Year Ended September 30, 2008

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2008 Fiscal Year Expenditures</u>
<u><b>U. S. Department of Housing and Urban Development (HUD)</b></u>		
14.157	Supportive Housing for the Elderly	\$ 408,213
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	3,691,558 *
14.231	Emergency Shelter Grants Program	143,168
14.235	Supportive Housing Program	407,575
14.238	Shelter Plus Care	194,808
14.239	HOME Investment Partnerships	1,248,874 *
14.850a	Low Rent Public Housing	3,486,508 *
14.871	Section 8 Housing Choice Vouchers	28,670,874 *
14.872	Public Housing Capital Fund Program	<u>1,630,333 *</u>
	Total HUD Grants	<u>39,881,911</u>
 <u><b>U. S. Department of the Interior</b></u>		
15.875	Passed through the Government of Guam: Economic, Social and Political Development of the Territories – Compact Impact	<u>3,098</u>
	Total Expenditures of Federal Awards	<u>\$ 39,885,009</u>
	Percentage of Federal Awards Tested	<u>97%</u>

\* Denotes a major program as defined by OMB Circular A-133.

**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, 2008

**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:

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Amount Provided to Subrecipients</u></b>
Community Development Block Grant	14.225	\$ 620,464
Supportive Housing Program	14.235	401,894
Emergency Shelter Grants Program	14.231	184,159
Shelter Plus Care	14.238	<u>195,774</u>
Total		<u>\$ 1,402,291</u>

GUAM

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

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

I have audited the basic financial statements of Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, as of and for the year ended September 30, 2008 and have issued my report thereon dated June 3, 2009.

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, 2008.

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.

  
Hagåtña, Guam  
June 3, 2009

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2008

## 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, 2008

**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
14.239	HOME Investment Partnerships Program
14.850	Low Income Housing Assistance Program
14.871	Section 8 Housing Choice Voucher Program (HCV)
14.872	Public Housing Capital Fund Project

Dollar threshold used to distinguish between type A and type B programs: \$1,196,550

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 2008-10.

<u>Reference Number</u>	<u>Findings</u>
2008-10	Financial Accounting System

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2008

**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 2008-1 through 2008-9.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
2008-1	Low Income Public Housing – Annual Inspections	\$ -
2008-2	Low Income Public Housing – Community Service	-
2008-3	Low Income Public Housing – Criminal Activity	-
2008-4	Low Income Public Housing – Eligibility	-
2008-5	Low Income Public Housing – Eligibility	-
2008-6	Low Income Public Housing – Eligibility	-
2008-7	Section 8 HCV – Criminal Activity	-
2008-8	Section 8 HCV – Eligibility	-
2008-9	Section 8 HCV – Reasonable Rent	-
	Total Questioned Costs	<u>\$ -</u>

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-1  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Special Tests and Provisions – Annual Inspections  
Questioned Costs: \$0

### 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 eleven (11) or 44% 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. 7A SAL Inspection was performed on the date of move-in on 8/11/08.
2. 3BVDP Tenant recertified 2/1/08 and unit inspected 8/11/08.
3. 4BMAK Tenant recertified 5/1/08 and unit inspected 7/28/08.
4. 7JTQ Tenant recertified 1/1/08 and unit inspected 6/3/08.
5. A-13 Tenant recertified 9/1/08 and unit was not inspected.
6. M-6 Tenant recertified 1/1/08 and unit was not inspected.
7. 168JQQ No inspection report on-file.
8. D02 Tenant recertified 10/1/07 and unit was not inspected.
9. 13BRDA8 No inspection report on-file.
10. 20 APAQ Tenant recertified 2/1/08 and unit was not inspected.
11. 44 ADAM Tenant recertified 5/1/08 and unit was not inspected.

### Cause:

The Authority lacks effective internal controls to monitor and ensure that all units are inspected annually in a timely manner.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-1, Continued  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Special Tests and Provisions – Annual Inspections  
Questioned Costs: \$0

#### Effect:

The Authority is in noncompliance with the PHAS regulations as well as its policies set forth in the Admission & Continued Occupancy Policies.

#### 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.

Each Property Site Manager will ensure that the inspection reports list the work order numbers and attach the completed work orders to the inspection report. These reports will then be filed in the tenants' folders.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Special Tests and Provisions – Community Service  
Questioned Costs: \$0

#### Criteria:

Pursuant to the Authority's Admissions and Continued Occupancy Policy, 24 CFR Part 960.603~607 and Section 512 of the Quality Housing and Work Responsibility Act of 1998, which amends Section 12 of the Housing Act of 1937, established a new requirement for non-exempt residents of public housing to contribute eight (8) hours of community service each month or to participate in a self-sufficiency program for eight (8) hours each month.

At the first annual reexamination on or after October 1, 1999, and each annual reexamination thereafter, the Authority will do the following:

- A. Provide a list of volunteer opportunities to the family;
- B. Provide information about obtaining suitable volunteer positions;
- C. Provide a volunteer time sheet to the family member. Instructions for the time sheet require the individual to complete the form and have a supervisor date and sign for each period of work;
- D. Assign family members to a volunteer coordinator who will assist the family members in identifying appropriate volunteer positions and in meeting their responsibilities. The volunteer will track the family member's progress monthly and will meet with the family member as needed to best encourage compliance.
- E. Thirty (30) days before the family next lease anniversary date, the volunteer coordinator will advise the Authority whether each applicable adult family member is in compliance with the community service requirement.

The Authority will notify any family found to be in noncompliance of the following:

- A. The family member(s) has been determined to be in noncompliance;
- B. That the determination is subject to the grievance procedure; and
- C. That unless the family member(s) enter into an agreement to comply, the lease will not be renewed or will be terminated.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2, Continued  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Special Tests and Provisions – Community Service  
Questioned Costs: \$0

#### Condition:

For 6 or 24% of the 25 files tested, we noted the following:

1. 7A SAL – Community Service Compliance Agreement was signed by the adult family members.
2. 3BVDP – Tenant did not complete 96 hours of community service. The combined household completed 73 hours and the timesheet was not signed and dated by the supervisor of the government agency or company.
3. 1 ACOHO – Timesheet of completion of service hours was not on-file for verification.
4. 7 JTQ – Community Service Compliance Agreement was not completed. Tenant claimed exemptions but were not listed as such.
5. 34MAO – Timesheet of completion of services hours was not on-file.
6. 116JQQ – Tenant only completed 51 hours of community service for the year.

#### Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that adult family member is in compliance with the community service requirement.

#### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Admissions and Continued Occupancy Policy for the community service requirement.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-2, Continued  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Special Tests and Provisions – Community Service  
Questioned Costs: \$0

#### Recommendation:

Management should implement internal controls procedures to ensure that community service requirement objectives are monitored monthly and tenants are properly evaluated each annual reexamination period. Efforts should be made to cure the above noncompliant tenants.

#### 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 the community service requirement objectives are monitored monthly and tenants are properly evaluated for each recertification period. Property Site Managers are working on the deficiencies cited above and will be reviewed by the Quality Control manager to ensure that items have been corrected.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-3  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – Criminal Activity  
Questioned Costs: \$0

### Criteria:

Pursuant to the Authority's Admissions and Continued Occupancy Policy, in order to be eligible for continued occupancy, each applicant adult family member will be evaluated to determine whether, based on their recent behavior, such behavior could reasonably be expected to result in noncompliance with the public housing lease. The Authority will look at past conduct as an indicator of future conduct. The Authority will consider objective and reasonable aspects of the family's background, including among others, the following:

History of criminal activity by any household member involving crimes or physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well-being of other tenants or staff or cause damage to property. A criminal background check shall be made on all adult household members, including live-in aides. This check will be made through State or local law enforcement or court records.

In addition a check with the State's lifetime sex offender registration program for each adult household member will be conducted, including live-in aides. No individual registered with this program will be admitted to public housing.

### Condition:

For 6 or 24% of the 25 files tested, we noted that a Police Clearance was not obtained for the following households:

1. 7A SAL
2. 3BVDP
3. 1 ACHOHO
4. 18JTQ
5. 168JQQ
6. 116 JQQ

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-3, Continued  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – Criminal Activity  
Questioned Costs: \$0

#### Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that police clearances are obtained in a timely manner.

#### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Admissions and Continued Occupancy Policy.

#### Recommendation:

Management should implement internal controls procedures to ensure that police clearances are requested from appropriate law officials with additional follow-up procedures in a timely manner. Efforts should be made to coordinate with the appropriate law officials to obtain background checks in order to promptly identify any household member having a history of criminal activity involving crimes or physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well-being of other tenants or staff or cause damage to property.

#### Auditee Response/Corrective Action Plan:

We agree with finding.

It is in GHURA's in-take policy and processing procedures to request for police clearances from the Guam Police Department prior to admission. Efforts to correct the problem within GPD have been addressed. An MOU between the Guam Police Department and GHURA have been updated to improve collaborative efforts that would ensure police clearances are processed in a timely manner.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-4  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – HUD Form 50058  
Questioned Costs: \$0

### Criteria:

HUD uses the Form-50058 as a main tenant demographic and economic information resource. Housing Authorities are required to fully complete HUD Form 50058. The Form should be properly completed and signed and dated by the tenant and the Public Housing Authority.

### Condition:

For 2 or 8% of the 25 files tested, we noted that the page 7 of the HUD Form 50058 was not properly signed by the tenant and Housing Asset Project Manager for residents dwelling in units 31 BDAM and 116 JQQ, respectively.

### Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that all HUD Form 50058 are properly signed during the application and recertification process.

### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Admissions and Continued Occupancy Policy.

### Recommendation:

Management should implement internal controls procedures to ensure that all HUD Form 50058 are properly signed during the application and recertification process.

### Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms are property signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-5  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – Lease Agreement  
Questioned Costs: \$0

### Criteria:

Pursuant to 24 CFR 966.4 and the Authority's Admissions and Continued Occupancy Policy, a lease shall be entered into between the PHA and each tenant of a dwelling unit which shall contain the provisions, terms and condition of the lease.

### Condition:

For 1 or 4% of the 25 files tested, the dwelling lease agreement was not on-file for inspection for tenant residing in unit 20 ARDA8.

### Cause:

There is a lack of internal controls and monitoring procedures to ensure that all required documentation is properly obtained in tenant files.

### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with 24 CFR 966.4 and its Admissions and Continued Occupancy Policy.

### Recommendation:

Management should implement internal controls procedures to ensure that all HUD Form 50058 are properly signed during the application and recertification process.

### Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms 50058 are properly signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been received, reviewed and filed accordingly in each tenant's folder. Property Site Managers will ensure that each file is thoroughly reviewed to ensure completeness.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-6  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – Evidence of Citizenship  
Questioned Costs: \$0

#### Criteria:

Pursuant to 24 CFR 5.508 and the Authority's Admissions and Continued Occupancy Policy, each family member regardless of age, must submit evidence of citizenship for verification by Public Housing Authorities.

#### Condition:

For 2 or 8% of the 25 files tested, birth certificates were not on-file for independent verification of proof of citizenship for two (2) dependent family members residing in unit 3 BVDP and for the head of household residing in unit 1 ACOHO.

In addition, the birth date of one dependent born 11/25/91 was incorrectly entered on the HUD Form 50058 as 11/24/90 for the tenant residing in unit 44ADAM.

#### Cause:

The File Document and Checklist is not consistently used to verify completeness of all required information during the application and/or recertification process. Internal controls and monitoring procedures are properly enforced to ensure that all required documentation is properly obtained in tenant files.

#### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with 24 CFR 5.508 and its Admissions and Continued Occupancy Policy.

#### Recommendation:

Management should enforce its existing internal control procedures to ensure that all pertinent documentation is obtained and properly filed prior to tenant certification. Housing Specialist Supervisors should conduct a thorough review of each tenant file prior to admission or recertification to ensure that all required documentation is obtained prior to admission. Quality control and enforcement procedures should be strengthened to mitigate errors made by Housing Specialist personnel.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-6, Continued  
CFDA Program: 14.850 – Low Income Housing Assistance Program  
Area: Eligibility – Evidence of Citizenship  
Questioned Costs: \$0

### Auditee Response/Corrective Action Plan:

We agree with finding.

The Authority will enforce its existing internal control policies and procedures to ensure that all HUD Forms 50058 are properly signed during the application and recertification processes. There is a check off form that each Housing Specialist refers to ensure that all documents have been received, reviewed and filed accordingly in each tenant's folder. Property Site Managers will ensure that each file is thoroughly reviewed to ensure completeness. At least 20% of files will be pulled on a monthly basis for quality review on accuracy and completeness.



# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-7  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)  
Area: Eligibility – Criminal Activity  
Questioned Costs: \$0

### Criteria:

In accordance with the Authority's Section 8 Housing Choice Voucher Administrative Plan, the Authority will conduct criminal background checks on all adult household members, including live-in aides. The Authority will deny assistance to a family because of drug-related criminal activity or violent criminal activity by family members. This check will be made through State or local law enforcement or court records. If the individual has live outside the local area, the Authority may contact law enforcement agencies where the individual last resided. In addition a check with the State's lifetime sex offender registration program for each adult household member will be conducted, including live-in aides. No individual registered with this program will be admitted to public housing.

### Condition:

For 14 or 56% of the 25 HCV files tested, we noted that a Police Clearance was not obtained for the following:

- |            |               |               |
|------------|---------------|---------------|
| 1. 07-1745 | 6. 08-1990    | 11. 09-2378   |
| 2. 09-2381 | 7. 08-2039    | 12. 05-1292   |
| 3. 02-0333 | 8. 02-0406    | 13. 06-ARM-03 |
| 4. 02-0321 | 9. 05-1233    | 14. 05-1107   |
| 5. 05-1261 | 10. 09-MSJ-08 |               |

### Cause:

There appears to be a lack of internal controls and monitoring procedures to ensure that police clearances are obtained in a timely manner.

### Effect:

There is no known material effect on the financial statements as a result of this finding. However, the Authority is in noncompliance with its Section 8 Housing Choice Voucher Administrative Plan.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-7, Continued  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)  
Area: Eligibility – Criminal Activity  
Questioned Costs: \$0

#### Recommendation:

Management should implement internal controls procedures to ensure that police clearances are requested from appropriate law officials with additional follow-up procedures in a timely manner. Efforts should be made to coordinate with the appropriate law officials to obtain background checks in order to promptly identify any household member having a history of criminal activity involving crimes or physical violence against persons or property and any other criminal activity including drug-related criminal activity that would adversely affect the health, safety, or well-being of other tenants or staff or cause damage to property.

#### Auditee Response/Corrective Action Plan:

We agree with this finding. Although it is in GHURA's in-take policy and processing procedure to request for police clearances from the Guam Police Department prior to admission, there is no current procedure to properly track requested police clearances. Receiving requests was never a notable issue in the past and it has only become very apparent due to recent changes in the Police Department.

However, efforts to correct the problem are currently being implemented. Policies and procedures are being updated to include tracking to ensure timeliness; properly documenting requested and received police clearances; and an MOU between the Guam Police Department and GHURA now exists to improve collaborative efforts that would ensure police clearances are processed in a timely manner.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-8  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program  
Area: Eligibility  
Questioned Costs: \$0

### 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 three (3) or 12% of the 25 HCV files tested, the tenant folders had missing or incomplete documentation as follows:

<u>Voucher</u>	<u>Missing/Incomplete documentation:</u>
1. 02-0356	- HUD form 52517 not signed by tenant.
2. 06-1494	- HUD form 550058 not signed by Housing Manager.
3. 02-0333	- Verification Consent Form to INS information not signed by Non-US citizen.

### 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.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-8, Continued  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program  
Area: Eligibility  
Questioned Costs: \$0

#### 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. Quality control and enforcement procedures should be strengthened 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 deficiencies in a timely manner to strictly enforce adherence to the Section 8 Administrative Plan and HUD regulations.

#### Auditee Response/Corrective Action Plan:

We agree with the finding for vouchers #02-0356, #02-0333 and #06-1494. Voucher #02-0356 was missing the tenant's signature on HUD form 52517; voucher #02-0333 was missing the tenant's signature; and voucher #06-1494 was missing the housing manager's signature on the HAP contract and lease amendment. To correct this deficiency: (1) Supervisors are being mandated to expand their scope of review to ensure completeness of each required documents and (2) each caseworker are being required to ensure completeness of each document. Continued non-compliance of this requirement may result in disciplinary action.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program  
Area: Rent and Housing Assistance Payment – Rent Reasonableness  
Questioned Costs: \$0

### Criteria:

In accordance with 24 CFR Sections 982.507 and 982.158(f)(7), 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.

In addition, the Housing Authority will compare the rent for the unit of the rent of comparable unassisted units in the same or comparable neighborhood.

### Condition:

Based on our review of the 25 HCV files tested, we noted the Rent Reasonableness Determination Report continues to document comparable units are not always in the same location. For example:

HCV #04-0982, the proposed unit was located in the northern village of Dededo and was compared to a unit in the southern village of Agat. There was no written documentation to justify this comparison.

HCV #03-0836, the proposed unit was located in the village of Barrigada and was compared to units in villages of Yona and Dededo. There was no written documentation to justify this comparison.

HCV #07-1745, the proposed unit was located in the village of Tamuning and was compared to units in villages of Yigo and Dededo. There was no written documentation to justify this comparison.

## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9, Continued  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program  
Area: Rent and Housing Assistance Payment – Rent Reasonableness  
Questioned Costs: \$0

#### 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.

#### Recommendation:

Records should be maintained to document the basis for the Authority's determination that the rent to owner is a reasonable rent (initially and during the term of a HAP contract). We suggest that management conduct a study of unassisted housing rents paid on Guam and develop a database by village, quality, size, unit type, and age of the unit; and any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease. 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.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-9, Continued  
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program  
Area: Rent and Housing Assistance Payment – Rent Reasonableness  
Questioned Costs: \$0

### Auditee Response/Corrective Action Plan:

We agree with this findings for vouchers #04-0982, #03-0836 and #07-1745. The comparison was not consistent with the policy in determining rent reasonableness. Measures to correct this deficiency have already been implemented. These measures 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 obtained the sources from the same location must be adequately documented. Voucher #07-1745 although the comparable used was from a northern village like Tamuning, the Inspector failed to document why it used comparables from the neighboring village rather than another comparable from Tamuning.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10  
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:

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.

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, 2008.

### 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.



## GUAM HOUSING AND URBAN RENEWAL AUTHORITY

### Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10, Continued  
CFDA Program: All Programs  
Area: Financial Accounting System  
Questioned Costs: \$0

#### 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.

#### Recommendation:

All significant account balances should be reconciled on a monthly basis within the Fiscal Division and in conjunction with the accounting staff working in the Research, Planning Evaluation Division. 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.

We commend management for the subsequent hiring a new accountant; however, to ensure that certain accounting functions do not cease, we believe additional qualified accountants knowledgeable in governmental accounting are still needed to alleviate the continued strain on existing personnel especially when vacations are taken and extended absences occur. 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.

Additionally, 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.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Schedule of Findings and Questioned Costs Year Ended September 30, 2008

Finding No.: 2008-10, Continued  
CFDA Program: All Programs  
Area: Financial Accounting System  
Questioned Costs: \$0

### Auditee Response and Corrective Action Plan:

The Authority hired a Controller in May 2008 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 Authority also hired a senior level accountant (Accountant III) to close the gap towards timeliness.

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 the auditors.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

## Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2008

### **Audit Finding #**

07-01 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. 2008-1. Therefore this finding is considered unresolved.

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

07-03 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. 2008-9. Therefore this finding is considered unresolved.

07-04 This finding was corrected in the current year.

07-05 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. 2008-10 citing for the Fiscal Division not performing timely account balance reconciliations and its inability to produce timely financial statements in a timely manner. Therefore this finding is considered unresolved.

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

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. 2008-9. 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. 2008-10. Therefore this finding is considered unresolved.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Summary of Unresolved Questioned Costs  
Year Ended September 30, 2008

	<u>Beginning Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2008 Questioned costs	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total unresolved questioned costs at September 30, 2008	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Note 1: The Authority did not have any unresolved Questioned Costs as of September 30, 2008.

# GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Corrective Action Plan  
Federal Award Findings and Questioned Costs  
September 30, 2008

**Finding No. 07-01**

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

Finding:

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.

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.

The Public Housing Manager will ensure that all staff are complying with this 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.

Responsible Party:

Public Housing Manager, Housing Specialist Supervisor and Housing Specialists.

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, 2008

**Finding No. 07-03 and 06-15**  
**Program: Section 8 Voucher – Reasonable Rent**

Finding:

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.

Corrective Action Stated and Taken:

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

Measures to correct this deficiency have already been implemented. These measures 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.

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 Manager 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 Manager

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, 2008

**Finding No. 07-05 and 06-16**

**Area: Fiscal Division – Accounting System**

Finding:

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.

Corrective Action Stated and Taken: continued

The Authority hired a Controller in May 2008 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 Authority also hired a senior level accountant (Accountant III) to close the gap towards timeliness.

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 the auditors.

Responsible Party:

Controller

Current Status:

Corrective action has not been fully implemented.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

Supplementary Information

Schedule 1

Salaries, Wages and Benefits  
Year Ended September 30, 2008

Salaries, wages and benefits:

Salaries	\$ 3,611,210
Retirement benefits	865,684
Benefits other than retirement	226,223
Overtime pay	<u>53,899</u>
Total salaries, wages and benefits	<u>\$ 4,757,016</u>
Employees at end of year	<u>107</u>

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