



OFFICE OF PUBLIC ACCOUNTABILITY
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32-14-1553

Guam House of Representatives
 Judith T. Won Pat, Ed.D.

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GUAM LEGISLATURE
 CENTRAL FILES

April 23, 2014

Honorable Judith T. Won Pat, Ed.D.
 Speaker
 I Mina' Trentai Dos Na Liheslaturan Guåhan
 155 Hesler Place
 Hagatna, Guam 96910

ACKNOWLEDGEMENT RECEIPT

Received by: [Signature]
 Time: 8:45 AM
 Date: 4/24/14

Dear Speaker Won Pat:

Hafa Adai! Transmitted herewith is the Guam Housing and Urban Renewal Authority (GHURA) Fiscal Year (FY) 2013 audited Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance. Attached are our highlights of the audit reports.

For your convenience, you may also view and download the reports in their entirety at www.guamopa.org.

2014 APR 25 AM 9:05 W

Senseramente,

Doris Flores Brooks, CPA, CGFM
 Public Auditor

RECEIPT ACKNOWLEDGED:

By: _____

Date: _____



Guam Housing and Urban Renewal Authority FY 2013 Financial Highlights

April 4, 2014

The Guam Housing and Urban Renewal Authority (GHURA) ended fiscal year (FY) 2013 with a decrease in net position (net loss) of \$3.6 million (M), which is \$819 thousand (K) lower than the FY 2012 loss of \$4.5M. These two year losses of \$8.1M have been financed through agency reserves. The net loss is primarily due to the decline in total subsidies and grants of \$5.1M, which majority was from Other Federal Grants through the American Recovery and Reinvestment Act funds.

Independent auditors, J. Scott Magliari & Company, rendered an unmodified or “clean” opinion on the financial statements. For the reports issued on compliance; the auditor’s included a qualified opinion on the Supportive Housing for Elderly Program and an unmodified opinion on the remaining federal programs. There were six material weakness and seven significant deficiencies identified. A Management Letter was also issued commenting of six areas for improvements.

GHURA operates four main programs, with three of the programs making up 90% of GHURA’s revenue being the Section 8 Housing Choice Voucher Program (75%), Public Housing consisting of four Asset Management Properties (8%), and the Community Planning and Development Program (6%). The fourth program is the Supportive Housing for the Elderly, better known as Guma Trankilidat.

GHURA Housing Voucher Program

GHURA is authorized to administer 2,545 vouchers for its Section 8 – Housing Choice Voucher Program and received \$32M to fund the monthly rental assistance paid to property owners on behalf of eligible participants. GHURA received \$1.7M less in U.S. Housing and Urban Development (HUD) Public Housing Authority (PHA) operating grants, which went from \$35M in FY 2012 to \$33.3M in FY 2013. Despite the decrease, GHURA was able to increase Housing Assistance Payments slightly to \$33.2M. For FY 2013, this program ended with a loss of \$1.9M or 53% of GHURA’s total loss of \$3.6M.

Asset Management Properties (AMP)

GHURA owns and operates 750 Public Housing units consisting of four AMPs. For FY 2013, operating revenue increased under the low income housing by 61% or \$1.3M, going from \$2.1M in FY 2012 to \$3.4M, which was mainly due to an increase in HUD PHA Operating Grants. Operating expenses decreased by 18% or \$1.1M, going from \$6.2M in FY 2012 to \$5.1M in FY 2013. The main decrease in expense was in Repairs and Maintenance, which decreased by 76% or \$1M, going from \$1.3M in FY 2012 to \$321K in FY 2013. A temporary deferral of repairs and maintenance means higher expenditures in ensuing years. The Public Housing program ended FY 2013 with a \$1.6M loss or 45% of GHURA’s total loss, yet this program contributes only 8% of total revenues.

Community Planning and Development Program

Community Planning and Development represented the greatest diversity of projects engaged to benefit low and moderate income populations and special needs populations. During FY 2013, operating revenues under the Community Development Block Grant (CDBG) slightly decreased by \$398K, going from \$3.2M in FY 2012 to \$2.8M in FY 2013. Operating expenses also decreased by \$385K, going from \$3.2M in FY 2012 to \$2.8M in FY 2013. The top five CDBG projects were the Emergency

Receiving Home (\$829K), Staff Housing Rental Rehabilitation – Dededo & Yigo (\$680K), Kurason Ysengsong (\$450K), Lighthouse Recovery Center – Operations (\$184K), and the Nurturing Neighborhood Networks (3N)(\$104K).

Declining Revenues and Expenditures

GHURA's overall operating revenues declined by 10%, or \$4.9M, going from \$48.8M in FY 2012 to \$43.9M in FY 2013, and is primarily attributed to the \$4.9M decline in Other Federal Grants. Expenditures also continued to decline in FY 2013, decreasing by \$5.5M largely due to the removal of project costs of \$5.1M.

Reports on Compliance and Internal Controls

Compliance continues to be an issue for GHURA, as it had six material weaknesses and seven significant deficiencies. Of these thirteen findings, nine were for the Supportive Housing for the Elderly, three were for the AMPs, and one for Section 8. However, there were no questioned costs.

Material weaknesses identified include:

- **Waiting List**– Applicant names had not reached the top of the waiting list prior to program admittance.
- **Upfront Income Verification**– GHURA failed to use HUD's centralized Enterprise Income Verification System or the TASS to validate tenant report income.
- **File Maintenance and Utility Allowance**– Tenant folders lacked certain documentation or had missing signatures.
- **Administrative Plan** – GHURA has not updated or revised its Administrative Plan since 2004.
- **HAP Contract** – A contract was executed by a person who did not have legal capacity to sign on behalf of the owner.

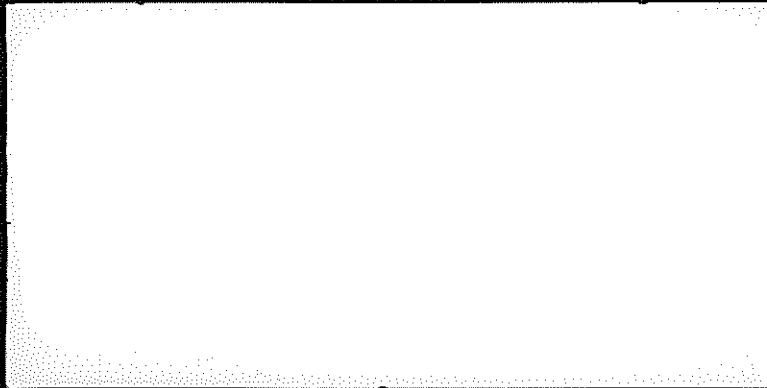
Significant deficiencies identified include:

- **Annual Inspections**– No inspections were performed at the time of move-in or in a timely manner for certain units.
- **Drug Abuse and Criminal Activity**– Police and Court clearances were not obtained for several tenants.
- **Civil Rights Laws' Accessibility Requirements** – GHURA has not updated and submitted its 504 Assessment to Rural Development for review and approval. Additionally, they did not perform a self-evaluation and develop a related transition plan identifying physical obstacles that limit accessibility of disabled person.
- **Program Requirements** – Facilities cannot be set aside for use of only for religious purposes.
- **Utility Allowance** – GHURA is using an outdated Utility Allowance Schedule.

Management Letter Comments

Additionally, a management letter identified six deficiencies related to lack of segregation of duties for editing tenant and landlord payment information, lack of obtaining business licenses for existing landlord recertification process, lack of organization of landlord files, high utility consumption for the Supportive Housing for the Elderly Program, inventory unit of measurement needs to be updated, and merging of Accounting Systems is needed.

For a more detailed commentary, refer to the Management Discussion and Analysis in the audit report. Visit GHURA's website at www.ghura.org or OPA's website at www.guamopa.org to view the reports in their entirety.



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GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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

For The Year Ended September 30, 2013

(With Comparative Totals for September 30, 2012)

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Guam Housing and Urban Renewal Authority

Report on the Financial Statements

I have audited the accompanying statements of net position, revenues, expenses and changes in position 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, 2013, and the related notes to the financial statements, which collectively comprise the GHURA's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from GHURA's 2012 financial statements and, in my report dated May 29, 2013, I expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position each major fund and the aggregate remaining fund information of the Guam Housing and Urban Renewal Authority as of September 30, 2013, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Guam Housing and Urban Renewal Authority's basic financial statements taken as a whole. The combining financial statements on pages 65 through 123 and the supplementary information on pages 176 through 187 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures and federal awards on pages 129 and 130, is presented for purposes of additional analysis a required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining financial statements, supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining financial statements, supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 11, 2014 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
March 11, 2014

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

As the management of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, we offer readers of this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2013. We encourage you to consider the information presented here in conjunction with GHURA's financial statements included in the report on pages 30 through 34.

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, 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, GHURA's goal is to provide adequate housing and planning for those who live in our community 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.

GHURA's staff (of approximately 92 Full Time Equivalent) is committed to excellence in 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 on how we can improve our services. We look forward to meeting the affordable housing needs for the island of Guam.

Financial Highlights

The Authority had total operating and non-operating revenues of \$45,243,273 and expenses of \$48,884,778 for the year ended September 30, 2013 (\$49,870,602 and \$54,331,310 for the year ended September 30, 2012), representing decreases of \$4,627,329 and \$5,446,532 (approximately 9.3% and 10.0%), respectively, over September 30, 2012 figures.

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

Total assets of the Authority of \$43,733,831 decreased \$3,960,022 or approximately 8.3% as compared to \$47,693,853 in the prior year.

The Authority's cash and cash equivalents at September 30, 2013 totaled \$8,710,177, a decrease of \$2,305,759, or approximately 20.9% as compared to \$11,015,936 as of September 30, 2012.

The Authority's working capital decreased by \$2,289,654 or approximately 14.9% as of September 30, 2013.

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 Position* presents information on all of the Authority's assets and liabilities with the difference between the two reported as net position. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as Net Assets. 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 Position (the "*Unrestricted Net Position*") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) are reported in three broad categories:

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

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

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (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 Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the authority-wide financial statements. The notes to the financial statements can be found on pages 35 through 64 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 pages 129 and 130 of this report.

Fund Financial Statements

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

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis
September 30, 2013

The Authority's Funds

Business Type Funds

Public Housing - Asset Management Properties

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 (ACC) with the U.S. Housing and Urban Development (HUD), and HUD provides Operating Subsidy funding to enable our Public Housing Authority (PHA), namely GHURA to provide housing at a rent that is based on 30% of household income.

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 – Site Base consists of 158 units located at Sinajana, Agana Heights, Mongmong, and Asan.
- AMP 2 – Site Base consists of 163 units located at Yona, Inarajan, and Talofofu and Talofofu Elderly.
- AMP 3 – Site Base consists of 195 units located at Agat, Agat Elderly, Merizo, Merizo Elderly, and Umatac.
- AMP 4 – Site Base consists of 234 units located at Toto, Dededo, and Dededo Elderly.

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, and other matters.

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

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.

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

At the end of FY 2013, the Authority had 722 units occupied with 96.3% occupancy rate and an adjusted rate of 98.9% with 20 units under modernization. For the fiscal year ended September 30, 2013, the Authority received \$1.73 million in Operating Subsidy funds.

Table A represents the Occupancy and Adjusted Rate per AMP Site Base.

TABLE A

AMP SITE	NO. OF UNITS	TOTAL OCCUPIED	TOTAL VACANT	TOTAL MOD UNITS	OCCUPANCY RATE	ADJUSTED OCCUPANCY RATE
AMP1	158	158	0	0	100%	100%
AMP2	163	163	0	0	100%	100%
AMP3	195	168	27	20	86%	96%
AMP4	234	233	1	0	99%	99%
TOTAL	750	722	28	20	96.3%	98.9%

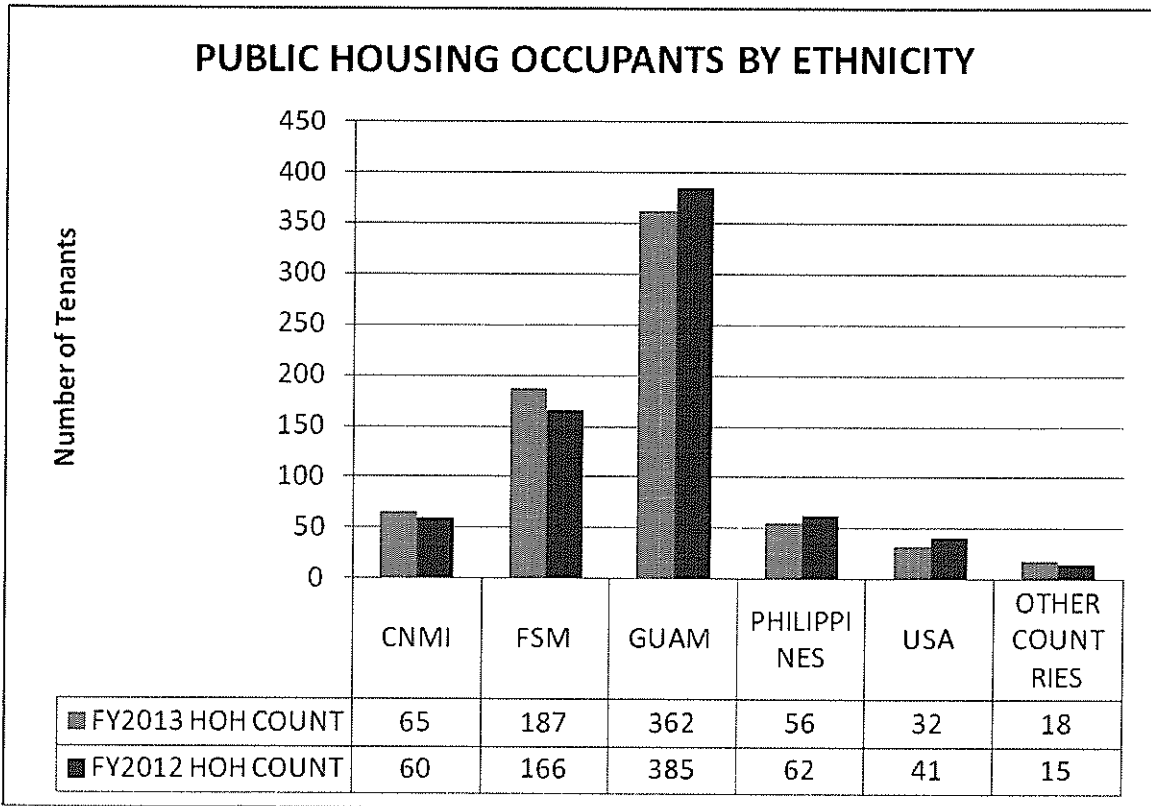
Guam Housing and Urban Renewal Authority

Management Discussion and Analysis
September 30, 2013

Table B represents the Head of Household (HOH) tenants' ethnicities in the Public Housing Program for the Fiscal Year 2013.

TABLE B

LOCATION	2013	%	2012	%
CNMI	65	9%	60	8%
FSM	187	26%	166	23%
GUAM	362	50%	385	53%
PHILIPPINES	56	8%	62	8%
USA	32	4%	41	6%
OTHER CONTRIES	18	3%	15	2%
TOTAL	720	100%	729	100%



Guam Housing and Urban Renewal Authority

Management Discussion and Analysis
September 30, 2013

Capital Fund Program

In order to maintain its public housing inventory as a safe and habitable 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 \$1.08 million (based on the most recent grant) to implement such plan.

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 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.

THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (HCV)

The Section 8 Housing Choice Voucher Program was the result of the Quality Housing and Work Responsibility Act (QHWRA) of 1998. Prior to QHWRA the Section 8 Program was known as the Section 8 Certificate Program and during the Public Housing Reform HUD issued three conforming rules that initiated the conversion from the Certificate Program to the Voucher program. By October 2001, the Certificate Program was completely phased out. . Although the HCV Program is quite similar to the former Certificate Program, there are some key differences that include the implementation of the following:

- **Payment Standards Schedule:** PHAs are mandated to develop and maintain a Payment Standards Schedule annually. The Payment Standard Schedule is a table listing the maximum assistance GHURA may provide per bedroom size. The payment standard is set between 90 to 110 percent of the Fair Market Rent (FMR) and families are permitted to lease a unit that rents for more or less than the payment standard.
- **Family's Share of Rent:** When the gross rent exceeds the Payment Standard, the family pays the TTP plus the amount by which the gross rent exceeds the payment standards.
- **Affordability:** Under the Certificate Program, the family's rent was based on income and there was no affordability standard. Under the HCV Program, the family may not pay more than 40 percent of the monthly adjusted income at the time of admission or whenever the family moves to a new unit.
- **Rent increases:** Increases are no longer limited by the annual adjustment factor. Under the HCV program, increases are determined by performing a rent reasonableness test.

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

The objective of the Section 8 HCV Program is to provide eligible families access to affordable, decent, safe, and sanitary housing. To achieve this goal, families are given flexibility and mobility options to find suitable housing outside areas of poverty or minority concentrated communities. Families may extend their search for suitable housing to other communities outside GHURA's jurisdiction and into another PHA's jurisdiction through the portability option.

When a family finds suitable housing, the unit is inspected in accordance with the Housing Quality Standards (HQS). After the unit passes the HQS inspection, the property owner then enters into a Housing Assistance Contract with GHURA and a lease with the family. Payment to the property owner is made on behalf of the family on a monthly basis and continues for as long as the family remains eligible. The family's income and household composition are re-examined on an annual basis.

GHURA is authorized to administer up to 2,545 combined program vouchers consisting of regular tenant-based and target-funded vouchers with a budget of more than \$32 million. However, in 2013, GHURA's Housing Assistance Payment (HAP) budget was reduced to \$31,045,409 and Administrative Fees reduced by 69 percent per leased unit. The budget reduction was the result of the Budget Control Act of 2011 passed and carried over by the U.S. Congress in an effort to reduce the nation's deficit. GHURA's HAP budget pays rental assistance payment to private property owners on behalf of the eligible participants, including the participant's utility allowance for those who pay their own utilities.

The budget sequestration passed by Congress mandated HUD to implement a six percent budget cut of all HAP and Administrative Fees. To mitigate the reduction of funding, GHURA implemented internal measures to reduce program expenditures, including reducing its HAP by decreasing the number of program participants by not re-issuing turnover vouchers; offering smaller units to families, while being careful not to create overcrowding; reducing the payment standards; reducing the number of staffing, and operational expenses.

In 2013, the Section 8 HCV Program reported the following profile:

- 81.7 percent of participating families are from female head-of-households and 18.3 percent from male head-of-households;
- The average annual household income was \$12,364;
- 46 percent of families were in three-bedroom units; 27 percent in two-bedroom units; and 17 percent in four-bedroom units; and the remaining 10 percent occupied one, five and six bedroom units;
- Approximately 99 percent of families receive some form of general assistance or Temporary Assistance for Needy Families (TANF); 62 percent receive income through wages; 34 percent receive child support; and 2.6 percent own businesses; 22 percent received social security benefits; 3 percent receive income from other sources; and 30 percent receive non-cash items from various sources.
- 48 percent from Guam; 36 percent from the Federated States of Micronesia; 5.7 percent from the Commonwealth of the Northern Mariana Islands 5 percent from the Philippines; 3 percent from the United States of America and the remaining 2.3 percent from other countries.

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In addition to the regular Section 8 HCV Program, GHURA offers other housing services and programs, to include:

- The *Mainstream Housing and Opportunities for Persons with Disabilities Program*: A target voucher program designed to enable persons with disabilities to locate and lease suitable and accessible housing in the private market. There are 175 housing vouchers available to eligible families regardless of the person's disability. The Mainstream Housing Voucher Program is a referral-based program. GHURA accepts applicant referrals from partnering non-profit and other government organizations who provide services to persons with disabilities.

Partnering organizations include the Department of Mental Health, Department of Integrated Services for Individuals with Disabilities; Guma Mami; the Developmental Disabilities Council, the Salvation Army and Catholic Social Services.

- The *Family Unification Program (FUP)*: A target voucher program designed to assist families who have lost or are at risk of losing their children to foster care as a result of inadequate housing. There are 133 housing vouchers available for families who meet the program criteria. FUP is a referral-based program and applicants are received from Guam's Department of Public Health and Social Services' Child Protective Service Division.
- The *Veteran Affairs Supportive Housing Program (VASH)*: A target voucher program for homeless veterans. There are 30 VASH vouchers available strictly for homeless veterans. The Program is a referral-based program and clients are received from the Department of Veteran Affairs (VA). Families are selected for referral and are provided one-to-one case management by VA personnel.
- The *Family Self-sufficiency Program (FSS)*: The FSS Program is a housing service available to Section 8 participants who have the desire to achieve economic and social independence. The Program links clients to various employment opportunities available in the community as well as provide basic life skills to the elderly and the disabled clients. One of the significant services provided by the FSS Program is the escrow program. Families who work and earn income sign up for the escrow account and the increase earned from wages are put into escrow. The escrow is a form of savings account that is allowed to accumulate for a period of five years. When the family reaches its goal in the fifth-year and has achieved economic self-sufficiency, the family is paid its escrow and may use it toward furthering their goal of self-sufficiency such as purchasing a home, or paying college tuition.

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- The *Section 8 Homeownership Program*: Participants of the Section 8 Program may use Section 8 assistance toward paying a mortgage in lieu of monthly rental payments. The participant is required to secure a mortgage loan and GHURA will pay up to 70 percent of the monthly mortgage payment. Compliance requirements for Section 8 Homeownership Program are similar to the regular Section 8 HCV program, except the housing quality standard inspection is performed only prior to occupancy.

SUPPORTIVE HOUSING FOR THE ELDERLY (Guma Trankilidat Project)

The Guma Trankilidat Project is an elderly housing rental program, consisting of 50 dwelling units (49 one-bedroom and 1 two-bedroom unit). Construction of Guma Trankilidat Project was financed through a loan from the U.S. Department of Agriculture Section 515 Rural Rental Housing Program in the amount of \$2.0 Million and amortized for a 50 year period beginning March 26, 1980. Annual rental subsidies of approximately \$394,000 are provided through project-based vouchers through the U.S. Department of Housing and Urban Development's Multifamily Housing program. These subsidies cover both the annual operating expenses and mortgage payments.

In compliance with Federal Regulation, a Capital Needs Assessment (CNA) and Section 504 Transition Plan was conducted on October 2013. An estimate of \$2.6 Million was identified to address improvements in order to operate over the next 20 years. Approximately \$670 Thousand is necessary to fund the Health and Safety portion of the CNA and the ADA Compliance identified in the 504 Transition Plan. GHURA has identified partial funding in Project Reserves to address this requirement and is currently exploring other funding sources and financing options.

COMMUNITY PLANNING AND DEVELOPMENT FUNDS

Of the many HUD-funded activities administered by GHURA, the activities funded through the HUD Office of Community Planning and Development (CPD) represents the greatest diversity of projects engaged to benefit low and moderate-income populations, and special needs populations. These funds find their way into the community to support activities that meet the needs of persons over a multitude of diverse economic and social backgrounds from the homeless to those trying to afford their first home purchase.

On an annual basis, Guam receives funds from HUD's CPD Office to address housing and community needs in Guam. GHURA is the administrator of these funds from HUD. GHURA, on Guam's behalf, receives these funds 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). GHURA 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/SPC) Program to address the needs of homeless populations.

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During FY2013, GHURA administered \$5.3 million in eligible CPD-funded activities. In fiscal year 2013 alone, a total of \$4,183,778 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$1,125,484 were approved for activities in fiscal year 2013. 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 Consolidated Plan (2010-2014) Strategic Plan*”.

Community Development Block Grants

The Authority engages in community development activities for the benefit of low- and moderate-income populations across the island. CDBG funds in the reporting year were used to fund public service programs and public facility improvements such as the following:

Public Service –

- (1) To support the operations of a shelter for special needs individuals, homeless men and men of low/moderate income in recovery from substance abuse.
- (2) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received match funding to support the operation of the Homeless Management Information System (HMIS). HMIS is the repository for data which tracks the assistance provided to the island’s homeless through the various government and non-profit service providers.
- (3) Guma Hinemlo is a facility to service individuals with disabilities operated by the Department of Mental Health and Substance Abuse. Funds were used to provide cash match support and leverage funding for the operations of this permanent supportive housing facility.
- (4) Nurturing Neighborhood Networks is a program administered by the Community Services and Resources, Inc. to provide Community-Based Family Education and Youth Development programs to low-to-moderate income residents of Pagachao, Agat, Gil-Baza, Yigo, and Sagan Linahyan, Dededo.

Public Facilities and Improvements –

- (1) Construction of the Macheche Neighborhood Facility. Funds were utilized for the construction of a neighborhood community center and basketball court to serve the neighborhood of Macheche, Dededo. The facility is operated by the Ilocano Association of Guam .
- (2) Staff Housing Rental Rehabilitation (Renaissance Homes)-Rehabilitation of 10 abandoned homes in Talofofo and Merizo to be used as affordable rental housing to eligible and qualified low and moderate income individuals or families.
- (3) Staff Housing Rental Rehabilitation (Renaissance Homes)-Rehabilitation of 10 abandoned homes in Dededo and Yigo to be used as affordable rental housing to eligible and qualified low and moderate income individuals or families.

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- (4) Sagan Lintahyan Rental Rehabilitation – Rehabilitation of 10 abandoned homes in northern neighborhood of Sagan Lintahyan to be used as affordable rental housing to eligible and qualified low and moderate income individuals or families.
- (5) Construction of Emergency Receiving Home – Funds were used to construct a facility to provide temporary shelter for elderly and adults with a disability who are victims of abuse.
- (6) Kurason Ysengsong – Funds were used to rehabilitate six staff housing units in the northern village of Dededo. The units will be managed by a local nonprofit organization to provide community services geared towards strengthening families.
- (7) Homebuyer Infrastructure (Renewal Homes) – Funds were used for the infrastructure upgrade and improvement to support the construction of 10 units of affordable housing funded with HOME funds for sale to eligible homebuyers. The infrastructure upgrade and improvement included sewer and water line upgrades, sewer manholes installation, and pavement of roadway serving the units.

Program Administration and Consolidated Planning –

- (1) GHURA utilized CDBG funds in the administration and planning of CDBG activities.

Home Investment Partnerships Program (HOME)

Guam uses HOME funds to address the needs of homebuyers and homeowners of low- and moderate-income. In the current reporting year, HOME funds were used for such activities as the following:

Homebuyer –

- (1) Renewal Homes. GHURA will fund and construct 10 units of affordable housing. The units will be sold to eligible homebuyers and will include opportunities for purchase by participants of the Housing Choice Voucher Homeownership Program.

Homeowner – GHURA continued to fund the Homeowner Rehabilitation Loan Program. Eligible low-income families may receive low rate or deferred interest loans to fund rehabilitation work on their homes to bring them up to local building code standards. Two families were assisted by the REHAB program during FY2013.

Program Administration – GHURA utilized HOME funds in the administration of the HOME program.

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Emergency Shelter Grant (ESG)

In FY2013, ESG funded activities serving homeless populations. ESG funds were used for such activities as the following:

Operations – The Lighthouse Recovery Center receives ESG funds to operate a transitional housing facility providing shelter and supportive services to homeless men recovering from chronic substance abuse. Operational costs include such items as maintenance, occupancy costs, food, furnishings and equipment.

Essential Services – Family Services Center/One-Stop Homeless Assistance Center received ESG funds to provide essential services to homeless individuals. Essential services include the provision of case management (including staff salaries and benefits) and self-sufficiency training for homeless individuals.

Homeless Prevention – Family Services Center/One-Stop Homeless Assistance Center received ESG funds to provide rental and utility assistance to individuals and families who are homeless or at-risk or are currently experiencing homelessness.

Program Administration – GHURA utilized ESG funds in the administration of the ESG grant.

Continuum of Care Grant Funds

Shelter Plus Care (S+C/SPC) – GHURA's SPC Program provides rental voucher 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, SPC participants receive support services through a network of local service agencies. SPC funds in the reporting year were used to fund two programs: 1) Housing First Voucher Program; and 2) The Lighthouse Recovery Center Aftercare Program.

Supportive Housing Program (SHP) - SHP is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. SHP assistance is provided to help homeless persons meet three overall goals. These goals are to achieve residential stability; to increase their skill levels and/or incomes; and to obtain greater self-determination (i.e. more influence over decisions that affect their lives).

SHP funds in the current reporting year were used to fund six programs:

- (1) Karidat Support Services Only (SSO). Karidat SSO is a program serving persons with disabilities.
- (2) Guma' Hinemlo. Guma' Hinemlo is an 8-unit residential facility serving persons with disabilities.
- (3) Homeless Management Information System (HMIS). HMIS is the data repository to record the provision of services and track participants receiving assistance for homelessness. The service is intended as a tool to improve the provision of services by the numerous service providers.

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- (4) LIHENG Transitional Housing Case Management. Catholic Social Services operates 30 units of transitional housing.
- (5) Oasis Empowerment Center. Elim Pacific Ministries operates a facility serving women in recovery from substance abuse.
- (6) Sagan Ayudan Maisa (Oasis Sobriety House). Elim Pacific Ministries provides permanent housing to homeless women who have completed their six-month residential treatment program.
- (7) Empowered Together. Elim Pacific Ministries provides permanent housing and supportive services to chronic homeless women with children who are recovering from substance abuse.
- (8) Forrester's Refuge. Sanctuary Incorporated provides permanent housing and supportive services to homeless/chronic homeless individuals with disabilities.

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.

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Authority-Wide Financial Statements

Statement of Net Assets

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

TABLE 1

STATEMENTS OF NET POSITION (IN MILLIONS)

	2013	2012	2011
Current assets	\$ 16.5	\$ 19.1	\$ 23.6
Capital assets and other, net	26.5	27.8	29.3
Other noncurrent assets	0.7	0.8	0.9
Total assets	<u>\$ 43.7</u>	<u>\$ 47.7</u>	<u>\$ 53.8</u>
Current liabilities	\$ 3.5	\$ 3.7	\$ 5.3
Long term debt, net	1.2	1.3	1.3
Other noncurrent liabilities	0.6	0.6	0.7
Total liabilities	<u>5.3</u>	<u>5.6</u>	<u>7.3</u>
Net position:			
Investment in capital assets, net	28.4	29.9	31.3
Restricted	2.1	4.0	5.1
Unrestricted	7.9	8.2	10.1
Total net position	<u>38.4</u>	<u>42.1</u>	<u>46.5</u>
Total liabilities and net position	<u>\$ 43.7</u>	<u>\$ 47.7</u>	<u>\$ 53.8</u>

During FY2013, there was an overall decrease in assets of \$4.0 million (\$6.1 million in 2012). The decrease was primarily attributable to current year operations and period charges.

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

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Management Discussion and Analysis September 30, 2013

Major Factors Affecting the Statement of Net Position

Table 2 presents details on the change in Unrestricted Net Position for the fiscal year ended September 30, 2013.

TABLE 2
CHANGE IN UNRESTRICTED NET POSITION
(IN MILLIONS)

	2013	2012	2011
Unrestricted net position, beginning of year	\$ 8.2	\$ 11.2	\$ 11.2
Results of operations	(3.6)	(4.5)	0.5
Adjustments:			
Depreciation (1)	2.5	2.6	2.6
Adjusted results from operations	<u>(1.1)</u>	<u>(1.9)</u>	<u>3.1</u>
Reclassification to restricted assets	1.9	-	(1.1)
Capital activity, net	(1.1)	(1.1)	(2.0)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted net position, end of year	<u>\$ 7.9</u>	<u>\$ 8.2</u>	<u>\$ 11.2</u>

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

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

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

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TABLE 3
STATEMENT OF REVENUES AND EXPENSES
(IN MILLIONS)

	2013	2012	2011
Revenues:			
Operating subsidies and grants	\$ 42.3	\$ 47.8	\$ 69.0
Capital grants	1.2	0.6	2.1
Other income	1.2	1.1	1.5
Tenant revenue	0.5	0.4	0.5
Investment income	-	-	-
Total revenues	<u>45.2</u>	<u>49.9</u>	<u>73.1</u>
Expenses:			
Housing assistance payments	33.2	33.0	32.9
Maintenance	3.1	4.0	6.2
Administrative	8.9	13.8	29.1
Depreciation	2.5	2.6	2.6
Tenant services	0.3	0.3	0.4
General and other	0.4	0.3	1.0
Utilities	0.4	0.4	0.4
Total expenses	<u>48.8</u>	<u>54.4</u>	<u>72.6</u>
Change in net position	<u>\$ (3.6)</u>	<u>\$ (4.5)</u>	<u>\$ 0.5</u>

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

Revenues

GHURA's revenues consist of Tenant Rents, Operating Subsidies, Grants and Others. The majority of its revenues are from HUD.

Tenant Revenue

Tenant revenue, which accounted for 1.10% of total current year revenues, increased by \$65,009, or approximately 15.1% (\$26,149 decrease, or approximately 5.7%, in 2012). The increase in the current year revenues is attributed to increase in tenant income and charges for the period.

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Operating Subsidies and Grants

Operating subsidies, operating and capital grant revenue decreased by a net \$4.9 million, or approximately 10.08% from the prior year. The net decrease resulted primarily from the following: A decrease of \$1.7 million in Housing Choice Voucher program activities funding; \$5.1 million for the U.S. Department of the Treasury's IRS Section 1602 funds; \$.4 million in CDBG program funding; and \$.1 million from ARRA program funding; This is offset by increases in the following: \$1.2 million in Low Rent Housing program funding; \$.4 million of HOME program funds; \$.3 million of Capital funds; \$.2 million of Department of Interior funds; \$.1 million of Continuum of Care program funding; and \$.2 million of other grants.

The following table and chart summarizes the major program sources of operating and capital grant revenue for the past three fiscal years.

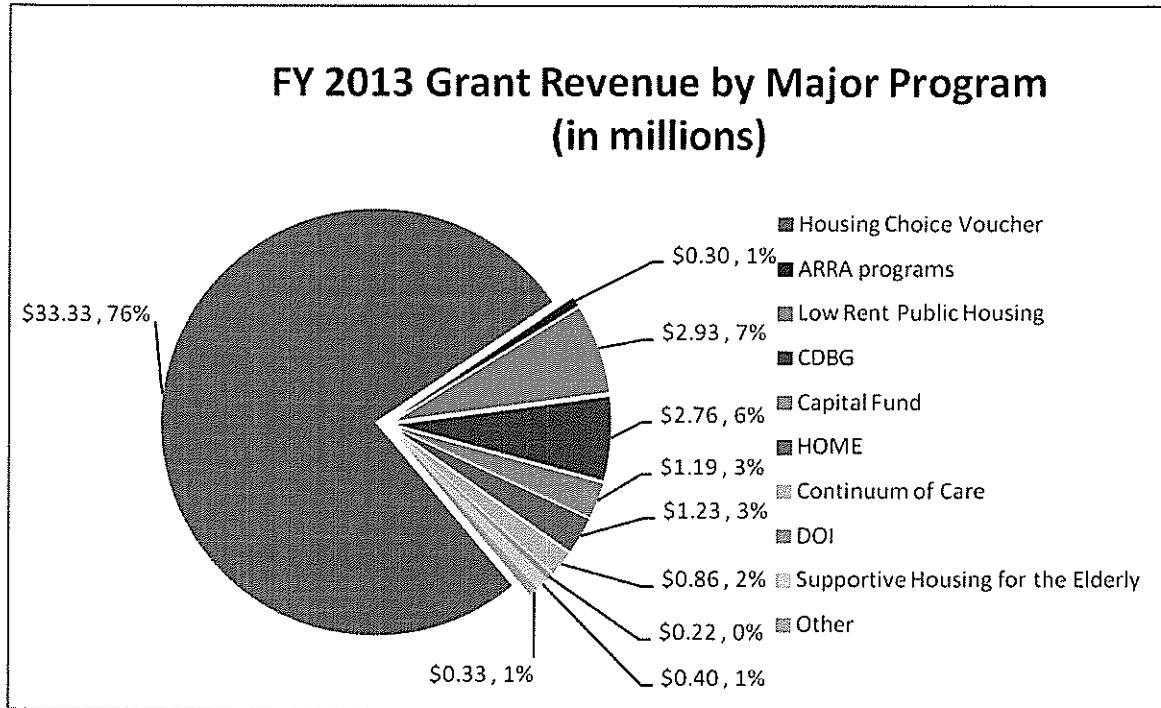
Operating and Capital Grant Revenue by Major Program Sources

TABLE 4
OPERATING SUBSIDIES AND GRANTS
(IN MILLIONS)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Housing Choice Voucher	\$ 33.3	\$ 35.0	\$ 35.2
Low Rent Public Housing	2.9	1.7	4.0
CDBG	2.8	3.2	2.8
Capital Fund	1.2	0.9	2.1
HOME	1.2	0.8	1.2
Continuum of Care	0.9	0.8	0.8
ARRA programs	0.3	0.4	3.0
Supportive Housing for the Elderly	0.4	0.4	0.5
Other	0.3	0.1	0.4
DOI	0.2	-	2.2
IRS Sec 1602	-	5.1	19.4
	<u>\$ 43.5</u>	<u>\$ 48.4</u>	<u>\$ 71.6</u>

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Other Revenue

Other income consists of management and bookkeeping fees, program income, land sales, interest earned on investments, and other income.

Expenses

Operating Expenses

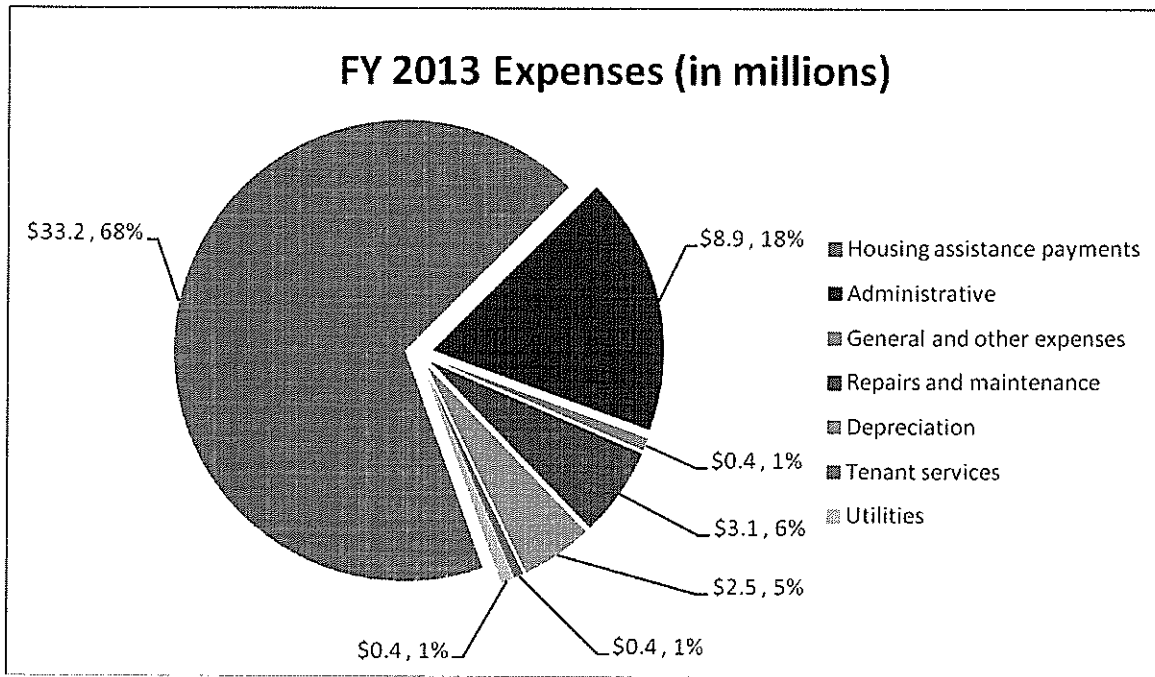
Operating expenses totaled \$48.8 million in 2013 (\$54.3 million in 2012), which represents a 10.0% decrease from prior year. Administrative expense was approximately 19.6% of total revenues in 2013 (27.6% of revenues in 2012).

Other Expenses

During 2013, there was a 0.5% increase in housing assistance payment activity for the Section 8 Housing Choice Voucher program due to higher unit month leasing costs (0.3% increase in 2012). Housing assistance payment expenses increased by approximately \$0.2 million in 2013 (increase of \$0.1 million in 2012).

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the Authority had approximately \$26.5 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 \$1,333,743, or approximately 4.8% from the end of last year (\$1,474,619 in 2012 or approximately 5.0%).

CAPITAL ASSETS AT YEAR END (NET OF ACCUMULATED DEPRECIATION, IN MILLIONS)

	2013	2012	2011
Land	\$ 3.7	\$ 3.7	\$ 3.7
Buildings	87.3	86.1	85.4
Equipment - administrative	2.1	2.1	2.1
Equipment - dwelling	1.9	1.9	1.5
	<u>95.0</u>	<u>93.8</u>	<u>92.7</u>
Accumulated depreciation	<u>(68.5)</u>	<u>(66.0)</u>	<u>(63.4)</u>
Capital assets, net	<u>\$ 26.5</u>	<u>\$ 27.8</u>	<u>\$ 29.3</u>

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The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 55 of the Notes to the accompanying financial statements.

**TABLE 6
CHANGE IN CAPITAL ASSETS
(IN MILLIONS)**

	2013	2012	2011
Balance at beginning of year	\$ 27.8	\$ 29.3	\$ 29.9
Additions	1.1	1.1	2.1
Disposition/transfers	-	-	(0.1)
Depreciation	(2.4)	(2.6)	(2.6)
Balance at end of year	\$ 26.5	\$ 27.8	\$ 29.3

Major additions are summarized as follows:

Major additions:

	2013	2012	2011
Building improvements and plans	\$ 1.1	\$ 1.1	\$ 2.1
Equipment purchases	-	-	-
Total additions	\$ 1.1	\$ 1.1	\$ 2.1

Debt Outstanding

As of year-end, the Authority had \$1,260,729 in debt (mortgage loan) outstanding compared to \$1,310,139 last year, for a \$49,410 decrease (debt retirement):

**TABLE 7
OUTSTANDING DEBT AT YEAR END
(IN MILLIONS OF DOLLARS)**

	2013	2012	2011
RD - Guma Trankilidat	\$ 1.26	\$ 1.31	\$ 1.36

This is discussed in more detail in Notes 8 and 9 in the accompanying financial statements.

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TABLE 8
STATEMENTS OF CASH FLOWS
(IN MILLIONS OF DOLLARS)

	2013	2012	2011
Cash flows provided by (used in) operations	\$ (2.4)	\$ (4.4)	\$ 0.5
Cash flows provided by (used in) financing activities	(0.4)	(0.6)	1.8
Cash flows provided by investing activities	0.5	0.7	5.3
	(2.3)	(4.3)	7.6
Net increase (decrease) in cash and cash equivalents	(2.3)	(4.3)	7.6
Cash and cash equivalents at beginning of year	11.0	15.3	7.7
	\$ 8.7	\$ 11.0	\$ 15.3
Reconciliation of operating loss to net cash (used) provided by operating activities			
Operating loss	\$ (4.9)	\$ (5.5)	\$ (1.7)
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:			
Depreciation	2.5	2.6	2.6
Bad debts	-	-	0.1
(Increase) decrease in assets	0.2	4.9	5.3
Increase (Decrease) in liabilities	(0.2)	(6.4)	(5.8)
Net cash (used) provided by operating activities	\$ (2.4)	\$ (4.4)	\$ 0.5

In 2013, net decrease in cash flows resulted primarily from maturity of investments.

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.

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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 became effective in FY 2008. Since that time, the Authority has implemented HUD's asset management model. Under this method, the Authority implemented management fees or fee-for-service concepts in accordance with HUD's phase-in requirements for asset management. Full implementation of the final rule took place during fiscal year 2011.

Low-income families, veterans, senior citizens and disabled individuals waiting for assistance under the federal housing voucher program may have to wait even longer as public housing agencies begin to cope with budget cuts due to the sequestration order.

On March 1, 2013, the President of the United States, as required by the Budget Control Act of 2011, issued a sequestration order cancelling \$85 billion in Federal budgetary resources across the Federal government for FY 2013. As a result of the sequestration, those major HUD programs administered by the Agency that are expected to be most impacted by funding reductions are as follows:

- Housing Choice Voucher (HCV) program housing payments assistance program - approximately 94.1%;
- HCV program funding for administrative fees at 69.1%; and
- Low Rent Public Housing Operating Fund at 73% to 77%.

HUD's letter to PHAs estimated that only 94.1% of the funding necessary to meet renewal needs will be available for the Housing Choice Voucher program, resulting in a shortfall for 125,000 program participants. In addition to holding back any new vouchers that PHAs may have been offering, PHAs have been authorized to take a number of mitigation steps in order to address budget shortfalls. GHURA is looking at a number of proposed steps that would include increasing payment standards, revising portability rules, increasing minimum rents, and trying to get those who live in larger units to move to smaller units.

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 prices 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.

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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.

Results from the 2009 Guam Comprehensive Housing Study show that Guam's housing market has become unaffordable for households looking to move to a new unit. Only 41.5% of households interested in buying a home had the resources to find an affordable unit while 49% of renters had sufficient income to move to a new rental unit.

Low and moderate income households represent 59.4% of households interested in buying a home. However, only 25.9% of the housing supply is within the affordable range for low and moderate income buyers.

Landlords are expected to maximize their rental income and are attracted to the subsidized military rental market rather than to the Housing Choice Voucher program which provides subsidies to civilian households with incomes below 50% of area median income. In 2010, GHURA's payment standard provided a maximum rent of \$1,633 for a 3-bedroom house to include utilities. Depending on rank, a military household could receive a housing allowance of \$1,700 to \$2,500. Developers are targeting the higher income housing market which can demand rents of \$2,000 or more.

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, Section Eight Management Assessment System, Voucher Management System, Rental Integrity Monitoring Reviews, and independent audits, to name a few.

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

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis September 30, 2013

Systems, Controls, and Legal Compliance

Systems

Currently the Authority utilizes a commercially developed package that integrates all housing program areas under one common software umbrella. The software incorporates Section 8 Tenant & Landlords, Occupancy & Rent, Applications Waiting List, Receivables, General Ledger, Work Orders, Purchase Orders, Budgeting and Payroll as the main modules. All data entry is self-contained within this system and, ultimately feeds into the financials, where pay out, reporting, and tracking occurs. On average, the system generates approximately \$4.25 million per month in payments to tenants, landlords, employees, and vendors. Data is available real-time and on-line.

The software exchanges data with HUD's web-based reporting requirements, transmits and receives electronic banking payment (receivables) on a daily basis, as well as other various Government of Guam agencies. All modules are accessible simultaneously by the approximate 90 staff via remote sites, designed to improve our customer service and support. These remote locations in Agat, Yona, Toto, Tumon, and Agana all access the main host server located in Sinajana via a common telecommunications media.

Additionally, a second software is utilized to effectively track and forecast grant expenditures managed by CPD. These grants include CDBG, Home, ESG, Shelter Plus Care, CDBG-R, and HPRP. Data from both systems are exchanged and utilized in the reconciliation process, payment, and reporting requirements.

Numerous controls, interface programs, and preventive measures have been developed, tested and implemented to ensure the integrity and accuracy of the data, to include quality control and discrepancy reports.

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's 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.

Guam Housing and Urban Renewal Authority

Management Discussion and Analysis

September 30, 2013

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.”

Fraud, Waste, and Abuse

The Authority must maintain its 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 or 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 monitoring 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 Michael J. Duenas, Executive Director, Guam Housing and Urban Renewal Authority, 117 Bien Venida Avenue, Sinajana, Guam 96910.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

Combined Statements of Net Position
September 30, 2013
(With comparative totals as of September 30, 2012)

Assets	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total 2013	Total 2012
Current assets:						
Cash: (Notes 1 and 2)						
Unrestricted	\$ 1,821,013	\$ 10,218	\$ 3,479,452	\$ -	\$ 5,310,683	\$ 8,952,134
Restricted - other (Note 3)	1,989,597	-	1,264,458	-	3,254,055	2,045,850
Restricted - security deposits (Note 3)	<u>142,266</u>	<u>-</u>	<u>3,173</u>	<u>-</u>	<u>145,439</u>	<u>17,952</u>
Total cash	<u>3,952,876</u>	<u>10,218</u>	<u>4,747,083</u>	<u>-</u>	<u>8,710,177</u>	<u>11,015,936</u>
Accounts receivable:						
Notes receivable - current portion (Note 4)	-	-	75,240	-	75,240	73,924
Tenants (Note 1)	175,569	-	-	-	175,569	113,390
HUD	518,070	299,129	-	-	817,199	984,090
Other Government Agencies	-	124,709	-	-	124,709	66,969
Due from other funds (Notes 1 and 5)	5,216,494	180,791	4,170,809	(9,568,094)	-	-
Interest	178	-	118	-	296	319
Other	<u>27,684</u>	<u>-</u>	<u>353,177</u>	<u>-</u>	<u>380,861</u>	<u>465,125</u>
	5,937,995	604,629	4,599,344	(9,568,094)	1,573,874	1,703,817
Allowance for doubtful accounts	<u>(59,574)</u>	<u>-</u>	<u>(105,202)</u>	<u>-</u>	<u>(164,776)</u>	<u>(137,930)</u>
Total accounts receivable, net	<u>5,878,421</u>	<u>604,629</u>	<u>4,494,142</u>	<u>(9,568,094)</u>	<u>1,409,098</u>	<u>1,565,887</u>
Investments: (Notes 1, 2, and 3)						
Unrestricted	1,493,232	-	1,198,629	-	2,691,861	2,528,130
Restricted/reserved by fiscal agent	<u>204,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,958</u>	<u>388,526</u>
Total investments	<u>1,698,190</u>	<u>-</u>	<u>1,198,629</u>	<u>-</u>	<u>2,896,819</u>	<u>2,916,656</u>
Prepayments and other current assets						
Inventories (Note 1)	<u>52,556</u>	<u>285</u>	<u>83,286</u>	<u>-</u>	<u>136,127</u>	<u>116,005</u>
Other real estate (Notes 1 and 6)	<u>240,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,498</u>	<u>145,086</u>
	<u>-</u>	<u>-</u>	<u>3,155,947</u>	<u>-</u>	<u>3,155,947</u>	<u>3,329,212</u>
Total current assets	<u>11,822,541</u>	<u>615,132</u>	<u>13,679,087</u>	<u>(9,568,094)</u>	<u>16,548,666</u>	<u>19,088,782</u>
Noncurrent assets:						
Capital assets, net (Notes 1 and 7)	18,511,404	7,683,642	310,848	-	26,505,894	27,839,637
Notes receivable - noncurrent (Note 4)	<u>-</u>	<u>-</u>	<u>679,271</u>	<u>-</u>	<u>679,271</u>	<u>765,434</u>
Total noncurrent assets	<u>18,511,404</u>	<u>7,683,642</u>	<u>990,119</u>	<u>-</u>	<u>27,185,165</u>	<u>28,605,071</u>
Total assets	<u>\$ 30,333,945</u>	<u>\$ 8,298,774</u>	<u>\$ 14,669,206</u>	<u>\$ (9,568,094)</u>	<u>\$ 43,733,831</u>	<u>\$ 47,693,853</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

Combined Statements of Net Position, Continued

September 30, 2013

(With comparative totals as of September 30, 2012)

Liabilities and Net Position	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total 2013	Total 2012
Current liabilities:						
Accounts payable	\$ 7,481	\$ 74	\$ 567,796	\$ -	\$ 575,351	\$ 703,638
Current portion of note payable (Note 8)	52,000	-	-	-	52,000	49,000
Current portion of compensated absences (Note 1)	71,449	4,904	24,202	-	100,555	44,595
Due to HUD	38,632	-	-	-	38,632	25,692
Due to other funds (Notes 1 and 5)	2,097,561	267,098	7,203,435	(9,568,094)	-	-
Security deposits	142,266	-	3,173	-	145,439	150,475
Accrued salaries and wages	125,970	6,676	50,095	-	182,741	96,279
Accrued liabilities	56,670	-	261,094	-	317,764	402,957
Deferred revenues (Note 1)	48,757	299,746	1,332,507	-	1,681,010	1,860,361
Other current liabilities	137,049	-	227,721	-	364,770	375,727
Total current liabilities	2,777,835	578,498	9,670,023	(9,568,094)	3,458,262	3,708,724
Non-current liabilities:						
Long-term portion of note payable (Notes 8 and 9)	1,208,729	-	-	-	1,208,729	1,261,139
Accrued compensated absences (Notes 1 and 9)	436,459	36,634	169,842	-	642,935	658,580
Total non-current liabilities	1,645,188	36,634	169,842	-	1,851,664	1,919,719
Total liabilities	4,423,023	615,132	9,839,865	(9,568,094)	5,309,926	5,628,443
Commitments and contingencies (Notes 8, 12, 15, 16 and 20)						
Net position: (Notes 1 and 11)						
Investment in capital assets, net of related debt	17,250,675	7,683,642	3,463,795	-	28,398,112	29,928,016
Restricted	2,059,961	-	100,889	-	2,160,850	3,889,481
Unrestricted	6,600,286	-	1,264,657	-	7,864,943	8,247,913
Total net position	25,910,922	7,683,642	4,829,341	-	38,423,905	42,065,410
Total liabilities and net position	\$ 30,333,945	\$ 8,298,774	\$ 14,669,206	\$ (9,568,094)	\$ 43,733,831	\$ 47,693,853

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

Combined Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013
(With comparative totals for the year ended September 30, 2012)

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total 2013	Total 2012
Operating revenues:						
HUD PHA Operating Grants	\$ 39,408,948	\$ 2,754,410	\$ -	\$ -	\$ 42,163,358	\$ 42,349,179
Other Federal Grants (Note 1)	-	527,352	-	-	527,352	5,434,198
Management fees (Note 1)	-	-	1,192,899	(1,192,899)	-	-
Other income	158,774	128,535	413,350	-	700,659	564,133
Tenant rental income	496,120	-	-	-	496,120	431,111
Bookkeeping fees (Note 1)	-	-	278,167	(278,167)	-	-
Asset management fees (Note 1)	-	-	90,000	(90,000)	-	-
Property sales	-	-	22,008	-	22,008	31,084
Total operating revenues	<u>40,063,842</u>	<u>3,410,297</u>	<u>1,996,424</u>	<u>(1,561,066)</u>	<u>43,909,497</u>	<u>48,809,705</u>
Operating expenses:						
Housing assistance payments	33,221,541	-	-	-	33,221,541	33,042,007
Repairs and maintenance	1,830,918	1,251,646	8,954	-	3,091,518	3,929,100
Project costs (Note 1)	-	-	-	-	-	5,110,058
Other administrative expenses	816,058	1,582,979	274,087	-	2,673,124	2,496,675
Administrative salaries	2,884,286	301,376	1,163,364	-	4,349,026	4,292,139
Depreciation	1,678,828	772,177	539	-	2,451,544	2,573,739
Management fees (Note 1)	975,443	117,456	100,000	(1,192,899)	-	-
Employee benefits	1,098,242	121,663	417,948	-	1,637,853	1,513,462
Office expense	324,745	38,734	37,788	-	401,267	424,380
Utilities	355,147	-	82,103	-	437,250	380,270
Bookkeeping fees (Note 1)	278,167	-	-	(278,167)	-	-
Insurance	302,513	2,181	17,934	-	322,628	177,797
Compensated absences	(37,551)	(15,752)	12,864	-	(40,439)	70,635
Professional fees	68,594	2,232	65,357	-	136,183	146,486
Asset management fees (Note 1)	90,000	-	-	(90,000)	-	-
Travel	2,820	84	9,186	-	12,090	100,418
Protective services	3,472	-	413	-	3,885	7,146
Bad debts	80,137	-	1,875	-	82,012	17,786
Payments in-lieu of taxes	-	-	-	-	-	26,800
Advertising and marketing	11,092	7,845	9,316	-	28,253	36,871
Relocation costs	-	-	-	-	-	62
Total operating expenses	<u>43,984,452</u>	<u>4,182,621</u>	<u>2,201,728</u>	<u>(1,561,066)</u>	<u>48,807,735</u>	<u>54,345,831</u>
Operating loss	<u>(3,920,610)</u>	<u>(772,324)</u>	<u>(205,304)</u>	<u>-</u>	<u>(4,898,238)</u>	<u>(5,536,126)</u>
Non-operating revenues (expenses):						
Capital Grants	-	851,002	-	-	851,002	637,397
Interest income on restricted investments	683	-	-	-	683	3,720
Interest income on unrestricted investments	12,331	144	2,419	-	14,894	9,160
Fraud recovery	63,497	-	-	-	63,497	29,901
Recovery of bad debts	27	-	-	-	27	100,934
Other income	348,863	3	54,834	-	403,700	374,082
Gain on sale of capital assets	-	-	-	-	-	6,637
Other expense	-	-	-	-	-	(6,122)
Interest expense	(77,070)	-	-	-	(77,070)	(80,291)
Total non-operating revenues (expenses), net	<u>348,331</u>	<u>851,149</u>	<u>57,253</u>	<u>-</u>	<u>1,256,733</u>	<u>1,075,418</u>
Change in net position	(3,572,279)	78,825	(148,051)	-	(3,641,505)	(4,460,708)
Total net position - beginning of year	<u>29,483,201</u>	<u>7,604,817</u>	<u>4,977,392</u>	<u>-</u>	<u>42,065,410</u>	<u>46,526,118</u>
Total net position - end of year	<u>\$ 25,910,922</u>	<u>\$ 7,683,642</u>	<u>\$ 4,829,341</u>	<u>\$ -</u>	<u>\$ 38,423,905</u>	<u>\$ 42,065,410</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

Combined Statements of Cash Flows

For the Year Ended September 30, 2013

(With comparative totals for the year ended September 30, 2012)

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total 2013	Total 2012
Cash flows from operating activities:						
Operating grants received	\$ 39,416,499	\$ 3,301,023	\$ 173,381	\$ -	\$ 42,890,903	\$ 48,095,326
Receipts from tenants	610,118	128,535	2,247,025	(1,516,401)	1,469,277	1,445,950
Assistance paid	(33,221,541)	-	-	-	(33,221,541)	(33,042,007)
Cash payments to suppliers for goods and services	(6,670,639)	(3,104,943)	(829,559)	1,516,401	(9,088,740)	(16,209,340)
Cash payments to employees for services	(2,785,878)	(322,633)	(1,178,304)	-	(4,286,815)	(5,350,895)
Other cash receipts (payments)	(143,704)	-	19,407	-	(124,297)	657,799
Net cash provided by (used for) operating activities	<u>(2,795,145)</u>	<u>1,982</u>	<u>431,950</u>	<u>-</u>	<u>(2,361,213)</u>	<u>(4,403,167)</u>
Cash flows from noncapital financing activities:						
Transfer from other funds	-	-	-	-	-	1,554,309
Net cash used for noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,309</u>
Cash flows from capital and related financing activities:						
Interest paid	(77,070)	-	-	-	(77,070)	(80,291)
Repayment of note payable	(49,410)	-	-	-	(49,410)	(46,189)
Capital grants received	-	851,002	-	-	851,002	216,311
Acquisition of capital assets	(279,067)	(851,002)	-	-	(1,130,069)	(2,224,761)
Net cash used for capital and related financing activities	<u>(405,547)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,547)</u>	<u>(2,134,930)</u>
Cash flows from investing activities:						
Interest and other income received	385,427	147	56,152	-	441,726	569,277
Deposits to restricted accounts	(592)	-	21,867	-	21,275	97,756
Net cash provided by investing activities	<u>384,835</u>	<u>147</u>	<u>78,019</u>	<u>-</u>	<u>463,001</u>	<u>667,033</u>
Net increase (decrease) in cash	<u>(2,815,857)</u>	<u>2,129</u>	<u>509,969</u>	<u>-</u>	<u>(2,303,759)</u>	<u>(4,316,755)</u>
Cash at beginning year	<u>6,768,733</u>	<u>8,089</u>	<u>4,237,114</u>	<u>-</u>	<u>11,013,936</u>	<u>15,332,691</u>
Cash at end of year	<u>\$ 3,952,876</u>	<u>\$ 10,218</u>	<u>\$ 4,747,083</u>	<u>\$ -</u>	<u>\$ 8,710,177</u>	<u>\$ 11,015,936</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A Component Unit of the Government of Guam)

Combined Statements of Cash Flows, Continued
For the Year Ended September 30, 2013
(With comparative totals for the year ended September 30, 2012)

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total 2013	Total 2012
Reconciliation of operating loss to net cash provided by (used for) operating activities:						
Operating loss	\$ (3,920,610)	\$ (772,324)	\$ (205,304)	\$ -	\$ (4,898,238)	\$ (5,536,126)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation	1,678,828	772,177	539	-	2,451,544	2,573,739
Bad debts	80,137	-	1,875	-	82,012	17,786
(Increase) decrease in assets:						
Accounts receivable:						
Notes receivable	-	-	84,849	-	84,849	114,041
Tenant	(62,179)	-	-	-	(62,179)	64,081
HUD	48,111	118,780	-	-	166,891	619,537
Other Government Agencies	-	(57,740)	-	-	(57,740)	140,344
Due from other funds	(60,653)	(126,614)	129,241	-	(58,026)	3,833,747
Travel advances	-	-	418	-	418	(12,369)
Interest	12	-	11	-	23	(130)
Other	22,068	-	61,778	-	83,846	83,275
Prepayments and other assets	(18,999)	(2)	(1,120)	-	(20,121)	9,127
Inventories	(95,411)	-	-	-	(95,411)	96,726
Other real estate	-	-	173,265	-	173,265	69,306
Increase (decrease) in liabilities:						
Accounts payable	(71,606)	-	(57,597)	-	(129,203)	470,048
Compensated absences	43,199	(131,085)	12,865	-	(75,021)	20,005
Payable to HUD	1	19,659	-	-	19,660	19,085
Due to other funds	(359,762)	95,589	429,236	-	165,063	(4,496,227)
Security deposits	(5,036)	-	-	-	(5,036)	6,722
Accrued salaries and wages	35,697	670	50,095	-	86,462	7,815
Other current liabilities	(37,710)	-	(107,439)	-	(145,149)	(2,304,232)
Accrued liabilities	(54,834)	-	(30,063)	-	(84,897)	37,388
Deferred revenues	(16,398)	82,872	(110,699)	-	(44,225)	(236,855)
Net cash provided by (used for) operating activities	<u>\$ (2,795,145)</u>	<u>\$ 1,982</u>	<u>\$ 431,950</u>	<u>\$ -</u>	<u>\$ (2,361,213)</u>	<u>\$ (4,403,167)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(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 for 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, 722 (out of 742 available) units or 97.30% were leased as of September 30, 2013, while 729 (out of 738 available) units or 98.78% were leased as of September 30, 2012. These properties are modernized under HUD's Capital Funds Program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

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

Major Enterprise Funds, continued

The Authority implemented HUD's mandated transition to "Project-Based Accounting" based on their Asset Management Model beginning 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.

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, 2,286 or 90.89% and 2,335 or 92.84% were leased as of September 30, 2013 and 2012, respectively.

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.

Non-Major Enterprise Funds

Supportive Housing Program

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

Shelter Plus Care

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

Non-Major Enterprise Funds, continued

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.

HOME Investment Partnership Program

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

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.

Resident Opportunity and Supportive Services

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

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

Non-Major Enterprise Funds, continued

Energy Efficiency and Conservation Block Grant

The program provides financial and technical assistance to assist State and local governments create and implement a variety of energy efficiency and conservation projects. The program's objectives are to reduce fossil fuel emissions created as a result of activities within the jurisdictions of eligible entities; to reduce the total energy use of the eligible entities; and to improve energy efficiency in the transportation, building, and other sectors.

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.

Multifamily Housing Service Coordinator

The purpose of this program is to link elderly, especially frail and disabled, or disabled non-elderly assisted housing and neighborhood residents to supportive services in the general community; to prevent premature and unnecessary institutionalization; and, to assess individual service needs, determine eligibility for public services and make resource allocation decisions which enable residents to stay in the community longer.

Public Housing Capital Fund Stimulus (formula) Recovery Act Funded

The Public Housing Capital Fund Stimulus (formula) Recovery Act Funded program provides funds for the capital and management activities including modernization and development of public housing with the exception that funds cannot be used for operations or rental assistance.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

Non-Major Enterprise Funds, continued

Neighborhood Stabilization Program – Recovery Act Fund

The objectives of this are to stabilize property values; arrest neighborhood decline; assist in preventing neighborhood blight; and stabilizing communities across America hardest hit by residential foreclosures and abandonment. These objectives are to be achieved through the purchase and redevelopment of foreclosed and abandoned homes and residential properties that will allow those properties to turn into useful, safe and sanitary housing.

Homeless Prevention and Rapid Re-Housing Program – Recovery Act Fund

The objectives of this program are to provide homelessness prevention assistance to households who would otherwise become homeless—many due to the economic crisis—and to provide assistance to rapidly rehouse persons who are homeless. It will provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would have been homeless if it were not for this assistance.

Weatherization Assistance for Low-Income Persons – Recovery Act Funded

The objective of the Weatherization Assistance for Low-Income Persons program is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total expenditures on energy, and improve their health and safety. This program has a special interest in addressing these needs for low-income persons who are particularly vulnerable, such as the elderly, disabled persons, and families with children, as well as those with high energy usage and high energy burdens.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

Other Enterprise Funds

The following funds were determined to be non-major enterprise funds for the years ended September 30, 2013 and 2012:

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.

Section 1602 Grant

The program authorizes the U.S. Department of the Treasury to make cash assistance available to State housing credit agencies for sub-award to developers of qualified buildings. The purpose of the cash assistance is to pay the developer's costs for construction or acquisition and rehabilitation of rental housing for low-income families and individuals. It provides affordable rental units to families earning 60% of HUD area median income and below. Pursuant to the U.S. Department of the Treasury, this program is not subject to OMB Circular A-133 and is not considered federal financial assistance.

Other Funds

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

Revolving and Trust Funds

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

The basic financial statements of the Guam Housing and Urban Renewal Authority have been prepared in conformity with accepted accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

b) Reporting Entity

The administration and operation of GHURA is under the control of a seven-member Board of Commissioners appointed by the Governor of Guam with the advice and consent of the Legislature with one of the seven members being a resident of the Public Housing program, elected by the residents and appointed by the Governor. The Authority is not financially dependent on the Government of Guam's general fund but is considered a component unit of the Government of Guam. The Authority has no component units to be reported in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

c) New Accounting Standards

GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership. The provisions of this Statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of the Authority.

GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The implementation of this Statement did not have a material effect on the financial statements of the Authority.

GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this Statement are effective for periods beginning after December 15, 2011. This Statement superceded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*. The implementation of this Statement did not have a material effect on the financial statements of the Authority.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

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

c) *New Accounting Standards, continued*

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position. In addition, the Statement of Net Position includes two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are reported in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are reported in a separate section following liabilities.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012, an amendment of GASB Statements No. 10 and No. 62*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of this Statement on the financial statements of the Authority.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include mergers, acquisitions and transfers of operations. The Statement requires assets acquired and liabilities assumed to be measured at carrying values in an acquisition. The Statement requires disclosures to be made about government combinations and disposals of government operations so that financial statement users can evaluate the nature and financial effects of those combinations. The Statement is effective for financial statements for periods beginning after December 15, 2013.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

c) New Accounting Standards, continued

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions in this Statement are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the effect of implementation of this Statement on the financial statements of the Authority.

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 position, revenues, and expenses. The focus 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.

The financial statements include certain prior-year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the GHURA's financial statements for the year ended September 30, 2013, from which the summarized information was derived.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

e) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. 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. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows of resources, liabilities deferred inflows or resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. 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. All assets and liabilities that are associated with the operation of the Authority are included in the statement of net position. 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 nonoperating revenues. Operating expenses of the Authority include the cost of operating housing units, cost of tenant services, protective services, general, administrative, maintenance, depreciation, and housing assistance payments. Other expenses for the Authority include interest expense 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. HUD grants associated with capital acquisition and improvements are considered nonoperating revenues and are presented as such on the accompanying statement of revenues, expenses and changes in net position.

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 months term, which begin October 1st and ends September 30th of fiscal each year. Annual budgets are adopted for all enterprise funds. Throughout the fiscal year, the Authority monitors and evaluates expenditure rates and patterns. 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(1) Summary of Significant Accounting Policies, continued

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 \$11,604,895 and \$13,930,192 as of September 30, 2013 and 2012, respectively, are deposited in financial institutions subject to coverage by the Federal Deposit Insurance Corporation (FDIC).

h) 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.

i) Inter-fund 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, 2013 and 2012 are classified as due from other funds or due to other funds and are eliminated on the statement of net position for financial statement presentation.

j) Inventories

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

k) Prepayments

Payments made to vendors for services that will benefit periods beyond September 30, 2013 are recorded as prepaid items.

l) Restricted Assets

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

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

m) Capital Assets and Depreciation

All capital assets with a value greater than \$5,000 and a useful life over one year are capitalized. Capital assets are stated at cost or at estimated historical cost if actual historical cost is not available except for certain parcels of land donated by the Government of Guam, which are recorded at the estimated fair market value at date of donation.

The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment items for the Supportive Housing for the Elderly are stated at cost, while property that was donated 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

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.

The Authority evaluates events or changes in circumstances affecting long-lived assets, including intangible and capital assets, to determine whether an impairment of its assets has occurred. If the Authority determines that a long-lived asset is impaired, and that the impairment is significant and other-than temporary, then an impairment loss will be recorded in the Authority's financial statements. In the current year, the Authority did not recognize any loss on impairment related to its long-lived assets.

n) Other Real Estate

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(1) Summary of Significant Accounting Policies, continued

o) Compensated Absences

Earned employee vacation due is accrued at year end for financial statement reporting purposes. Included in the accounts payable and accrued liabilities at September 30, 2013 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 position. As of September 30, 2013 and 2012, accrued earned compensated absences totaled \$743,490 and \$703,175, respectively.

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 (50%). At September 30, 2013, the total amount of unused sick leave for members under the DCRS plan was \$298,906 of which 50%, or \$149,453 was accrued in the accompanying financial statements while \$564,519 of which 50% or \$282,260 was accrued as of September 30, 2012.

p) Deferred Revenues

The Authority reports deferred revenues on its Statement of Net position. 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 position, and the revenue is recognized.

q) Noncurrent Liabilities

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

r) 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 (\$10.00 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 years ended September 30, 2013 and 2012, the Authority paid management fees to COCC of \$1,561,066 and \$1,516,401 respectively. HUD regulates the amount of management fees that can be paid.

s) 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(1) Summary of Significant Accounting Policies, continued

t) Net Position

Net position represents the residual interest in the Authority's assets after liabilities are deducted and consist of three components: net investment in capital assets, restricted and unrestricted.

The net investment in capital assets component consist of capital assets net of related accumulated depreciation and reduced by outstanding debt, notes or other borrowing that are attributable to the acquisition, construction and improvements of those assets.

Restricted component of net position are reported when constraints are imposed by third parties, grantors or enabling legislation. The Authority's restricted component of net position is expendable which is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time.

All of the remaining net position that does not meet the definition of the other components is unrestricted.

u) 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 position. HUD contributions for project acquisition and development or modernization are recorded under non-operating revenues as capital grants in the accompanying Statement of Revenues, Expenses and Changes in Net position.

v) 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.

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 years ending September 30, 2013 and 2012, the Authority incurred advertising and marketing costs totaling \$28,253 and \$36,871, respectively. These costs primarily relate to construction bids and related procurement solicitation costs.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

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

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 investments at September 30, 2013 consist of the following:

	2013	2012
Cash on hand and due from banks	\$ 8,710,177	\$ 11,015,936
Investments	2,896,819	2,916,656
	\$ 11,606,996	\$ 13,932,592

Of the above cash and investments, \$3,604,452 and \$2,452,328 were restricted at September 30, 2013 and 2012, respectively. Refer to Note 3 for further discussion on restricted cash, cash equivalents and investments.

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

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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(2) *Cash and Investments, continued*

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

For credit risk in the case of deposits, there is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of September 30, 2013 and 2012, the carrying amount of the Authority's total cash and cash equivalents was \$11,606,996 and \$13,932,592, respectively, with a corresponding bank balance of \$11,604,894 and \$13,930,192, respectively deposited in financial institutions 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, 2013 and 2012, bank deposits in the amount of \$11,462,252 and \$13,599,857 were in excess of FDIC insured limits of \$250,000 per depositor; are fully collateralized by U.S. securities. Accordingly, these deposits are exposed to custodial credit risk.

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, 2010, 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(2) *Cash and Investments, continued*

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.

(3) *Restricted Cash and Investments*

The restriction of the Authority's restricted cash and investments as of September 30, 2013 and 2012, are summarized as follows:

	2013	2012
Restricted cash:		
Section 8 HCV	\$ 1,611,014	\$ 404,132
Central Office Cost Center	1,163,569	1,163,085
Supportive Housing for the Elderly	397,589	395,836
Public Housing	121,135	-
Revolving Fund	104,062	100,749
CDBG	2,125	-
Total restricted cash	3,399,494	2,063,802
Restricted Investments:		
Supportive Housing for the Elderly	\$ 204,958	\$ 204,713
Low Rent Housing	-	183,813
Total restricted investments	204,958	388,526
	\$ 3,604,452	\$ 2,452,328

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, 2013, GHURA had \$378,583 and \$204,958 and in a restricted cash account and in time certificates of deposit, respectively, for the Supportive Housing for the Elderly. GHURA had \$19,006 in a restricted cash account tenant security deposits. Interest income earned is reinvested when related time certificates of deposit mature.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(3) *Restricted Cash and Investments, continued*

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 thirty percent (30%) 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, 2013 and September 30, 2012, FSS escrow amounts held by the Authority for the Section 8 and Low Rent Public Housing participants in the FSS program totaled \$134,594 and \$161,887, respectively.

The Section 8 HCV program also has restricted cash of \$1,476,420 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, 2013.

The Low Rent Housing program also has additional restricted cash funds totaling \$1,068,166, 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, 2013, there is a balance of \$1,023,867 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, 2013
(With comparative totals as of September 30, 2012)

(4) Notes 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 or 18% of the purchase price and are collateralized by second mortgages on real estate and consist of the following:

	<u>2013</u>	<u>2012</u>
Due in varying monthly installments, interest free, with maturities to 2026 including loans	\$ 579,489	\$ 646,466
HOME Rehabilitation loans due in varying monthly installments, interest free, with maturities to 2026, including loans	<u>175,022</u>	<u>192,892</u>
Current portion	<u>754,511</u> <u>(75,240)</u>	<u>839,358</u> <u>(73,924)</u>
	<u>\$ 679,271</u>	<u>\$ 765,434</u>

(5) Inter-fund Receivable/Payable Accounts

GHURA maintains inter-fund receivable and payable accounts for all housing projects and funds that it administers and reports inter-fund transfers between many of its funds. The outstanding balances between funds result mainly from time lags between the date that 1) inter-fund 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.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(5) *Inter-fund Receivable/Payable Accounts, continued*

The composition of the inter-fund receivable and payable balances as of September 30, 2013 and 2012 are as follows:

September 30, 2013

	Due from other Funds	Due to other Funds	Net Receivable (Payable)
CDBG	\$ -	\$ (355,600)	\$ (355,600)
Low Income Housing	5,216,494	(1,096,714)	4,119,780
Section Housing Choice Voucher	-	(393,319)	(393,319)
Supportive Housing for the Elderly	-	(251,928)	(251,928)
Non-Major Programs	180,791	(267,098)	(86,307)
Other Enterprise Funds	4,170,809	(7,203,435)	(3,032,626)
Net Inter-fund balances	<u>\$ 9,568,094</u>	<u>\$ (9,568,094)</u>	<u>\$ -</u>

September 30, 2012

	Due from other Funds	Due to other Funds	Net Receivable (Payable)
CDBG	\$ -	\$ (315,775)	\$ (315,775)
Low Income Housing	5,155,775	(1,053,432)	4,102,343
Section Housing Choice Voucher	69	(625,274)	(625,205)
Supportive Housing for the Elderly	-	(462,841)	(462,841)
Non-Major Programs	180,518	(406,458)	(225,940)
Other Enterprise Funds	4,301,617	(6,774,199)	(2,472,582)
Net Inter-fund balances	<u>\$ 9,637,979</u>	<u>\$ (9,637,979)</u>	<u>\$ -</u>

(6) *Other Real Estate*

The Government of Guam transferred 5 parcels of land to the Authority to construct 500 single-family homes under the GHURA 500 Low Cost Housing Project. Upon completion of the construction and the Authority's conversion from other comprehensive basis of accounting (HUD accounting) to GAAP, the estimated value per house based on the development cost incurred totaled \$34,653. As of September 30, 2013 and 2012, the Authority had eighty-nine (89) lots in its inventory with an estimated value of \$3,084,117 and \$3,257,382 respectively. In addition, the Authority has four (4) lots in the Government of Guam Astumbo Housing Project with estimated per lot value of \$14,366 for a total estimated value of \$71,830 as of September 30, 2013.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(7) **Capital Assets**

A summary of changes in capital assets for the years ended September 30, 2013 and 2012 are as follows:

September 30, 2013

	Balance 9/30/2012	Additions	Transfers/ Disposals	Balance 9/30/2013
Structures	\$ 86,147,319	\$ 1,121,976	\$ -	\$ 87,269,295
Furniture, fixtures, and equipment	4,020,719	8,093	(12,268)	4,016,544
	90,168,038	1,130,069	(12,268)	91,285,839
Accumulated depreciation	(66,004,283)	(2,451,544)	-	(68,455,827)
Net depreciable assets	24,163,755	(1,321,475)	(12,268)	22,830,012
Land	3,675,882	-	-	3,675,882
Net capital assets	<u>\$ 27,839,637</u>	<u>\$ (1,321,475)</u>	<u>\$ (12,268)</u>	<u>\$ 26,505,894</u>

September 30, 2012

	Balance 9/30/2011	Additions	Transfers/ Disposals	Balance 9/30/2012
Structures	\$ 85,396,529	\$ 1,879,896	\$ (1,129,106)	\$ 86,147,319
Furniture, fixtures, and equipment	3,675,854	344,865	-	4,020,719
	89,072,383	2,224,761	(1,129,106)	90,168,038
Accumulated depreciation	(63,434,009)	(2,570,274)	-	(66,004,283)
Net depreciable assets	25,638,374	(345,513)	(1,129,106)	24,163,755
Land	3,675,882	-	-	3,675,882
Net capital assets	<u>\$ 29,314,256</u>	<u>\$ (345,513)</u>	<u>\$ (1,129,106)</u>	<u>\$ 27,839,637</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(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:

	2013	2012
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)	\$ 1,260,729	\$ 1,310,139
Current portion	(52,000)	(49,000)
	\$ 1,208,729	\$ 1,261,139

Maturities of long-term debt are as follows:

Year ending September 30	Principal	Interest	Total Debt Service
2014	\$ 52,000	\$ 74,480	\$ 126,480
2015	55,400	71,080	126,480
2016	58,800	67,680	126,480
2017	62,400	64,080	126,480
2018	66,300	60,180	126,480
2019 through 2023	398,100	234,300	632,400
2024 through 2028	537,200	95,200	632,400
2029 through 2030	30,529	103	30,632
	\$ 1,260,729	\$ 667,103	\$ 1,927,832

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(9) Noncurrent Liabilities

Noncurrent liability activities at September 30, 2013 and 2012 are as follows:

September 30, 2013

	Outstanding Balance <u>09/30/12</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding Balance <u>09/30/13</u>	<u>Current</u>	<u>Noncurrent</u>
Note payable	\$ 1,310,139	\$ -	\$ (49,410)	\$ 1,260,729	\$ 52,000	\$ 1,208,729
Compensated Absences	<u>703.175</u>	<u>40.315</u>	<u>-</u>	<u>743.490</u>	<u>100.555</u>	<u>642.935</u>
	<u>\$ 2,013,314</u>	<u>\$ 40,315</u>	<u>\$ (49,410)</u>	<u>\$ 2,004,219</u>	<u>\$ 152,555</u>	<u>\$ 1,851,664</u>

September 30, 2012

	Outstanding Balance <u>09/30/11</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding Balance <u>09/30/12</u>	<u>Current</u>	<u>Noncurrent</u>
Note payable	\$ 1,356,328	\$ -	\$ (46,189)	\$ 1,310,139	\$ 49,000	\$ 1,261,139
Compensated Absences	<u>664.848</u>	<u>38.327</u>	<u>-</u>	<u>703.175</u>	<u>44.595</u>	<u>658.580</u>
	<u>\$2,021,176</u>	<u>\$ 38,327</u>	<u>\$ (46,189)</u>	<u>\$ 2,013,314</u>	<u>\$ 93,595</u>	<u>\$ 1,919,719</u>

(10) HUD Contributions Earned - HAP

HUD contributions earned by GHURA consist of housing assistance payments and an administrative fee. The administrative fee is based on the number of units leased. The Authority earned an administrative fee totaling \$1,931,882 and \$2,219,579 for the fiscal years ended September 30, 2013 and 2012, respectively, and is reported as a component of HUD PHA operating grants on the statement of revenues, expenses and changes in net position.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(11) Net Position - Section 8 Housing Choice Vouchers (HCV)

Beginning with the fiscal year ended September 30, 2010, 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, 2013 and 2012, the net position of the Authority's Section 8 HCV program was comprised as following:

September 30, 2013

	Balance at 9/30/2012	Net Change	Balance at 9/30/2013
Administrative Fee Equity:			
Invested in capital assets, net of related debt	\$ 113,140	\$ (16,841)	\$ 96,299
Unrestricted net position	253,856	(359,984)	(106,128)
Total Administrative Fee Equity	366,996	(376,825)	(9,829)
HAP Equity:			
Restricted net position	3,022,368	(1,545,948)	1,476,420
Total HCV Net Position	\$ 3,389,364	\$ (1,922,773)	\$ 1,466,591

September 30, 2012

	Balance at 9/30/2011	Net Change	Balance at 9/30/2012
Administrative Fee Equity:			
Invested in capital assets, net of related debt	\$ 110,619	\$ 2,521	\$ 113,140
Unrestricted net position	460,735	(206,879)	253,856
Total Administrative Fee Equity	571,354	(204,358)	366,996
HAP Equity:			
Restricted net position	3,019,989	2,379	3,022,368
Total HCV Net Position	\$ 3,591,343	\$ (201,979)	\$ 3,389,364

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(12) Commitments

Housing Assistance Payments

At September 30, 2013 and 2012, GHURA had approximately 2,348 and 2,335 voucher contracts, respectively, with dwelling owners, all of which are funded for a period of twelve months. The entire amount of assistance payments committed under these contracts will be funded by HUD.

Local Funds

Proceeds from the sale of property in the amount of \$460,000 have been committed for use in a construction project jointly agreed to by GHURA and the Government of Guam. As of September 30, 2013 and 2012, \$459,403 and \$459,403, respectively, 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, 2013 and 2012 are as follows:

September 30, 2013

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 1,467,341	\$1,157,648	\$ 309,693
CDBG Grants	<u>6,037,981</u>	<u>5,020,289</u>	<u>1,017,092</u>
	<u>\$ 7,505,322</u>	<u>\$6,177,937</u>	<u>\$ 1,326,785</u>

September 30, 2012

	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Low Income Housing	\$ 4,147,461	\$4,107,051	\$ 40,410
CDBG Grants	<u>8,793,630</u>	<u>6,980,233</u>	<u>1,813,397</u>
	<u>\$12,941,091</u>	<u>\$11,087,284</u>	<u>\$ 1,853,807</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013

(With comparative totals as of September 30, 2012)

(13) *Employees Retirement Plan*

Defined Benefit Plan

Plan Description:

The Authority participates in the Government of Guam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Government of Guam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. Article 1 of 4 GCA 8, Section 8105, requires that all employees of the Government of Guam (GovGuam), regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the Authority, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Therefore, the DB Plan became a closed group.

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website www.grf.com.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2010, 2009, and 2008, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2013, 2012 and 2011, respectively, have been determined as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal Cost, as % of DB Plan payroll	17.52%	17.07%	17.00%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>8.02%</u>	<u>7.57%</u>	<u>7.50%</u>
Employer portion of normal cost, % of total payroll	3.00%	3.03%	3.03%
Unfunded liability costs, as % of total payroll	<u>24.33%</u>	<u>23.75%</u>	<u>21.75%</u>
Government contribution as % of DB Plan payroll	<u>27.33%</u>	<u>26.78%</u>	<u>24.78%</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(13) *Employees Retirement Plan, continued*

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Employer rate	<u>30.09%</u>	<u>28.30%</u>	<u>27.46%</u>
Employee rate	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

Defined Contribution Plan

Contributions into the Defined Contribution Retirement System (DCRS) plan 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 investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions into the DCRS plan for the years ended September 30, 2013 and 2012 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

For the year ended September 30, 2013, the retirement expense contribution was \$409,269 and \$854,235 for the DB and DCRS Plans, respectively, and for the year ended September 30, 2012, the retirement expense contribution was \$431,274 and \$760,696 for the DB and DCRS Plans, respectively.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(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, 2013, the Authority had deposited \$1,023,867 into the typhoon coverage escrow account.

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

(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. Cumulative questioned costs of \$97,751 exist from these audits as of September 30, 2013. The questioned costs will be resolved by the applicable grantor agency and due to the Authority's inability to predict the ultimate outcome of this matter, no provision for any liability, if any that may result from this matter has been made in the accompanying financial statements. Such questioned costs could lead to requests for reimbursements from the grantor agency for expenditures disallowed under the terms of the applicable 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 defendant, along with other Government of Guam agencies, in special proceeding cash involving a petition for peremptory writ of mandate. The petition seeks to compel the Authority to pay merit bonuses to all Government of Guam employees who received a superior performance rating pursuant to 4 GCA § 6203. Merit bonuses consist of lump sum bonus payment of 3.5% of an employee's salary. It is unlikely that insurance will cover any potential damages. Legal counsel asserts that it is unknown at this time the amount of monetary damages sought and as such, no provision has been made in the accompanying financial statements that may result from this case.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements
September 30, 2013
(With comparative totals as of September 30, 2012)

(15) Contingencies, continued

Litigation, continued

The Authority is involved in two adverse action appeal cases filed by employees for wrongful termination. The employees filed on appeal with the Guam Civil Service Commission (CSC) seeking reinstatement of their positions, compensation for back wages from the date of termination dating back to July 2006 and recovery of attorney fees incurred approximating \$7,367. These claims are not covered by insurance held by the Authority. The Authority's legal counsel represents that in accordance with Guam law, an appellant has a duty to mitigate damages based on outside employment during the adverse action case. The Authority's position is to seek affirmation of its position in support of the employee termination. Therefore, no additional provision for potential liability that may result from these claims has been recorded in the accompanying financial statements. Refer to Note 20 for subsequent events regarding this matter.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam (GovGuam), autonomous agencies and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary commencing 1991. The Authority did not calculate or pay any bonuses pursuant to the law from 1991 through 2011. In May 2011, the Authority adopted a new compensation system that does not include the merit bonus system. As of September 30, 2013, the Authority has not assessed the impact of the requirements of the law for fiscal years 1991 to 2011. Therefore, no liability which may ultimately arise from this matter has been recorded in the accompanying financial statements.

(16) Lease Commitments

The Authority lease office space under an operating lease with original term of two (2) years expiring January 2015. 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>
2014	\$ 81,896
2015	<u>27,299</u>
	<u>\$109,195</u>

Rent expense for the years ended September 30, 2013 and 2012 was \$81,890 and \$79,471, respectively, which was allocated between the CDBG and HOME programs.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Combined Financial Statements

September 30, 2013

(With comparative totals as of September 30, 2012)

(17) *Economic Dependency*

HUD and other federal government agencies provided approximately \$43.5 million in 2013 and \$48.3 million in 2012 to the Authority, which represents approximately 97% and 96% of the Authority's total revenues for the years ended September 30, 2013 and 2012 respectively.

(18) *Reclassifications*

Certain amounts presented in 2012 have been reclassified to conform to the 2013 financial statement presentation. These reclassifications had no impact on previously reported results of operations or net position.

(19) *Fair Value of Financial Instruments*

The Authority's financial instruments are cash and investments in time certificates of deposit, receivables from tenants and Government agencies, prepayments, other real estate held for resale, payables and long-term debt. The recorded values of these financial instruments approximate their fair value based on their short-term nature.

(20) *Subsequent Events*

On January 22, 2014, the CSC rendered an oral decision in favor of one of the appellants for reinstatement of employment with the Authority. As a result of this outcome, the Authority's legal counsel asserts that a similar outcome for the second appellant because of the similar facts of the adverse appeal which a hearing is scheduled to commence March 10, 2014. Management of the Authority is engaging in settlement negotiations.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

MAJOR PROGRAMS

Combining Statements of Net Position

September 30, 2013

Assets	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Supportive Housing for the Elderly
Current assets:					
Cash:					
Unrestricted	\$ 1,821,013	\$ 6,561	\$ 1,698,178	\$ 107,725	\$ 8,549
Restricted - security deposits	142,266	2,125	121,135	-	19,006
Restricted - FSS escrow account	134,594	-	-	134,594	-
Restricted - other	1,855,003	-	-	1,476,420	378,583
Total cash	<u>3,952,876</u>	<u>8,686</u>	<u>1,819,313</u>	<u>1,718,739</u>	<u>406,138</u>
Accounts receivable:					
Tenants	175,569	-	69,295	96,405	9,869
HUD	518,070	517,258	812	-	-
Due from other funds	5,216,494	-	5,216,494	-	-
Interest	178	-	126	30	22
Other	27,684	-	2,117	17,593	7,974
	5,937,995	517,258	5,288,844	114,028	17,865
Allowance for doubtful accounts	(59,574)	-	(47,452)	-	(12,122)
Total accounts receivable, net	<u>5,878,421</u>	<u>517,258</u>	<u>5,241,392</u>	<u>114,028</u>	<u>5,743</u>
Investments:					
Unrestricted	1,493,232	-	1,203,193	290,039	-
Restricted/reserved by fiscal agent	204,958	-	-	-	204,958
Total investments	<u>1,698,190</u>	<u>-</u>	<u>1,203,193</u>	<u>290,039</u>	<u>204,958</u>
Prepayments and other current assets	52,556	1,327	43,605	7,149	475
Inventories	240,498	-	227,854	-	12,644
Total current assets	<u>11,822,541</u>	<u>527,271</u>	<u>8,535,357</u>	<u>2,129,955</u>	<u>629,958</u>
Noncurrent assets:					
Capital assets, net	18,511,404	24,464	16,486,414	96,299	1,904,227
Other assets	-	-	-	-	-
Total noncurrent assets	<u>18,511,404</u>	<u>24,464</u>	<u>16,486,414</u>	<u>96,299</u>	<u>1,904,227</u>
Total assets	<u>\$ 30,333,945</u>	<u>\$ 551,735</u>	<u>\$ 25,021,771</u>	<u>\$ 2,226,254</u>	<u>\$ 2,534,185</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

MAJOR PROGRAMS

Combining Statements of Net Position, Continued
September 30, 2013

Liabilities	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Supportive Housing for the Elderly
Current liabilities:					
Accounts payable	\$ 7,481	\$ 1,978	\$ 917	\$ 2,311	\$ 2,275
Current portion of long-term debt	52,000	-	-	-	52,000
Current portion of compensated absences	71,449	10,785	34,698	25,758	208
Due to HUD	38,632	-	38,632	-	-
Due to other funds	2,097,561	355,600	1,096,714	393,319	251,928
Security deposits	142,266	2,125	121,135	-	19,006
Accrued salaries and wages	125,970	20,083	66,357	34,823	4,707
Accrued liabilities - PILOT	56,670	-	56,670	-	-
Deferred revenues	48,757	55,019	(6,262)	-	-
Other current liabilities	137,049	-	-	137,049	-
Total current liabilities	2,777,835	445,590	1,408,861	593,260	330,124
Noncurrent liabilities:					
Long-term debt, net of current portion	1,208,729	-	-	-	1,208,729
Accrued compensated absences	308,178	81,681	118,479	106,341	1,677
Other long-term liabilities	128,281	-	68,219	60,062	-
Total noncurrent liabilities	1,645,188	81,681	186,698	166,403	1,210,406
Total liabilities	4,423,023	527,271	1,595,559	759,663	1,540,530
Net Position:					
Investment in capital assets, net of related debt	17,250,675	24,464	16,486,414	96,299	643,498
Restricted	2,059,961	-	-	1,476,420	583,541
Unrestricted	6,600,286	-	6,939,798	(106,128)	(233,384)
Total net position	25,910,922	24,464	23,426,212	1,466,591	993,655
Total liabilities and net position	\$ 30,333,945	\$ 551,735	\$ 25,021,771	\$ 2,226,254	\$ 2,534,185

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

MAJOR PROGRAMS

Combining Statements of Revenues, Expenses and Changes in Net Position

For the Year Ended September 30, 2013

	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Supportive Housing for the Elderly
Operating revenues:					
HUD PHA Operating Grants	\$ 39,408,948	\$ 2,757,600	\$ 2,930,740	\$ 33,326,040	\$ 394,568
Tenant rental income	496,120	760	387,220	-	108,140
Other income	158,774	42,779	115,995	-	-
Total operating revenues	<u>40,063,842</u>	<u>2,801,139</u>	<u>3,433,955</u>	<u>33,326,040</u>	<u>502,708</u>
Operating expenses:					
Housing assistance payments	33,221,541	-	-	33,221,541	-
Repairs and maintenance	1,830,918	1,506,734	320,807	-	3,377
Salaries and wages	2,884,286	403,726	1,352,274	1,048,849	79,437
Depreciation	1,678,828	-	1,562,819	43,783	72,226
Other administrative expenses	816,058	635,935	103,837	60,368	15,918
Management fees	975,443	-	547,009	392,210	36,224
Employee benefits	1,098,242	156,131	513,145	396,099	32,867
Office expense	324,745	77,459	89,815	154,524	2,947
Bookkeeping fees	278,167	-	66,832	211,335	-
Insurance	302,513	94,501	192,582	4,871	10,559
Utilities	355,147	531	176,164	-	178,452
Asset management fees	90,000	-	90,000	-	-
Professional fees	68,594	18,934	15,141	33,088	1,431
Travel	2,820	272	292	2,256	-
Protective services	3,472	-	2,794	125	553
Bad debts	80,137	-	18,737	59,037	2,363
Advertising and marketing	11,092	2,064	4,565	3,393	1,070
Compensated absences	(37,551)	(95,148)	37,455	20,142	-
Total operating expenses	<u>43,984,452</u>	<u>2,801,139</u>	<u>5,094,268</u>	<u>35,651,621</u>	<u>437,424</u>
Operating income (loss)	<u>(3,920,610)</u>	<u>-</u>	<u>(1,660,313)</u>	<u>(2,325,581)</u>	<u>65,284</u>
Non-operating revenues (expenses):					
Interest income on restricted investments	683	-	-	683	-
Interest income on unrestricted investments	12,331	-	8,587	3,501	243
Interest expense	(77,070)	-	-	-	(77,070)
Recovery of bad debts	27	-	27	-	-
Fraud recovery	63,497	-	-	63,497	-
Casualty loss	(500)	-	(500)	-	-
Other income	349,363	-	8,318	335,127	5,918
Total non-operating revenues (expenses), net	<u>348,331</u>	<u>-</u>	<u>16,432</u>	<u>402,808</u>	<u>(70,909)</u>
Change in net position	(3,572,279)	-	(1,643,881)	(1,922,773)	(5,625)
Total net position at beginning of year	<u>29,483,201</u>	<u>24,464</u>	<u>25,070,093</u>	<u>3,389,364</u>	<u>999,280</u>
Total net position at end of year	<u>\$ 25,910,922</u>	<u>\$ 24,464</u>	<u>\$ 23,426,212</u>	<u>\$ 1,466,591</u>	<u>\$ 993,655</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

MAJOR PROGRAMS

Combining Statements of Cash Flows
For the Year Ended September 30, 2013

	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Supportive Housing for the Elderly
Cash flows from operating activities:					
Operating grants received	\$ 39,416,499	\$ 2,757,600	\$ 2,938,291	\$ 33,326,040	\$ 394,568
Receipts from tenants	610,118	3,837	503,215	-	103,066
Assistance paid	(33,221,541)	-	-	(33,221,541)	-
Payments to suppliers	(6,670,639)	(2,492,561)	(2,130,071)	(1,541,457)	(506,550)
Payments to employees	(2,785,878)	(308,578)	(1,352,274)	(1,044,792)	(80,234)
Other cash receipts (payments)	(143,704)	48,388	(192,092)	-	-
Net cash provided by (used for) operating activities	(2,795,145)	8,686	(232,931)	(2,481,750)	(89,150)
Cash flows from noncapital financing activities:					
Transfers from Revolving Fund	-	-	-	-	-
Net cash used for noncapital financing activities	-	-	-	-	-
Cash flows from capital and related financing activities:					
Repayment of note payable	(49,410)	-	-	-	(49,410)
Interest paid	(77,070)	-	-	-	(77,070)
Acquisition of capital assets	(279,067)	-	(243,624)	(26,943)	(8,500)
Net cash used for capital and related financing activities	(405,547)	-	(243,624)	(26,943)	(134,980)
Cash flows from investing activities:					
Interest and other income received	385,427	-	35,495	343,772	6,160
Deposits to restricted accounts	(592)	-	-	(347)	(245)
Net cash provided by investing activities	384,835	-	35,495	343,425	5,915
Net increase (decrease) in cash	(2,815,857)	8,686	(441,060)	(2,165,268)	(218,215)
Cash at beginning year	6,768,733	-	2,260,373	3,884,007	624,353
Cash at end of year	\$ 3,952,876	\$ 8,686	\$ 1,819,313	\$ 1,718,739	\$ 406,138

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

MAJOR PROGRAMS

Combining Statements of Cash Flows, Continued

For the Year Ended September 30, 2013

	Total	Community Development Block Grant	Low Income Housing	Housing Assistance Payments	Supportive Housing for the Elderly
Reconciliation in operating loss to net cash provided by operating activities:					
Operating income (loss)	\$ (3,920,610)	\$ -	\$ (1,660,313)	\$ (2,325,581)	\$ 65,284
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,678,828	-	1,562,819	43,783	72,226
Bad debts	80,137	-	18,737	59,037	2,363
(Increase) decrease in assets:					
Accounts receivable:					
Tenant receivables	(62,179)	-	(41,630)	(16,771)	(3,778)
HUD	48,111	(10,926)	-	59,037	-
Due from other funds	(60,653)	-	(60,722)	69	-
Interest	12	-	9	2	1
Other	22,068	-	667	22,697	(1,296)
Prepayments and other assets	(18,999)	-	(11,375)	(7,149)	(475)
Inventories	(95,411)	-	(92,860)	-	(2,551)
Increase (decrease) in liabilities:					
Account payable	(71,606)	-	1	(71,409)	(198)
HUD	1	-	1	-	-
Compensated absences and sick leave	43,199	(2,682)	37,453	20,143	(11,715)
Due to other funds	(359,762)	39,824	43,282	(231,955)	(210,913)
Security deposits	(5,036)	2,125	(8,215)	-	1,054
Accrued salaries and wages	35,697	4,294	26,498	4,057	848
Other current liabilities	(37,710)	-	-	(37,710)	-
Accrued liabilities - PILOT	(54,834)	-	(54,834)	-	-
Deferred revenues	(16,398)	(23,949)	7,551	-	-
Net cash provided by (used in) operating activities	\$ (2,795,145)	\$ 8,686	\$ (232,931)	\$ (2,481,750)	\$ (89,150)

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 Statements of Net Position
September 30, 2013

Assets	TOTAL	B-07-ST- 66-0001	B-08-ST- 66-0001	B-09-ST- 66-0001	B-10-ST- 66-0001	B-11-ST- 66-0001	B-12-ST- 66-0001	Program Inc. Account
Current assets:								
Cash - restricted	\$ 6,561	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,561
Cash - tenant security deposits	2,125	-	-	-	-	-	-	2,125
Total cash	<u>8,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,686</u>
Accounts receivable - HUD	517,258	24,443	21,968	34,721	14,737	23,187	398,202	-
Prepayments and other assets	1,327	-	-	120	1,207	-	-	-
Total current assets	<u>527,271</u>	<u>24,443</u>	<u>21,968</u>	<u>34,841</u>	<u>15,944</u>	<u>23,187</u>	<u>398,202</u>	<u>8,686</u>
Capital assets	30,540	15,191	-	-	15,349	-	-	-
Accumulated depreciation	(6,076)	(6,076)	-	-	-	-	-	-
Capital assets, net	<u>24,464</u>	<u>9,115</u>	<u>-</u>	<u>-</u>	<u>15,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 551,735</u>	<u>\$ 33,558</u>	<u>\$ 21,968</u>	<u>\$ 34,841</u>	<u>\$ 31,293</u>	<u>\$ 23,187</u>	<u>\$ 398,202</u>	<u>\$ 8,686</u>
Liabilities and Net Position								
Current liabilities:								
Accounts payable	\$ 1,978	\$ -	\$ 35	\$ 1,943	\$ -	\$ -	\$ -	\$ -
Security deposits	2,125	-	-	-	-	-	-	2,125
Due to other funds	355,600	23,193	21,933	32,898	7,106	(21,942)	292,261	151
Accrued salaries and wages	20,083	-	-	-	-	6,608	13,475	-
Compensated absences - current	10,785	-	-	-	-	-	10,785	-
Deferred revenues	55,019	1,250	-	-	8,838	38,521	-	6,410
Total current liabilities	<u>445,590</u>	<u>24,443</u>	<u>21,968</u>	<u>34,841</u>	<u>15,944</u>	<u>23,187</u>	<u>316,521</u>	<u>8,686</u>
Noncurrent liabilities:								
Compensated absences - noncurrent	37,242	-	-	-	-	-	37,242	-
Accrued sick leave	44,439	-	-	-	-	-	44,439	-
Total noncurrent liabilities	<u>81,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,681</u>	<u>-</u>
Total liabilities	<u>527,271</u>	<u>24,443</u>	<u>21,968</u>	<u>34,841</u>	<u>15,944</u>	<u>23,187</u>	<u>398,202</u>	<u>8,686</u>
Net Position:								
Investment in capital assets, net of related debt	24,464	9,115	-	-	15,349	-	-	-
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Total net position	<u>24,464</u>	<u>9,115</u>	<u>-</u>	<u>-</u>	<u>15,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 551,735</u>	<u>\$ 33,558</u>	<u>\$ 21,968</u>	<u>\$ 34,841</u>	<u>\$ 31,293</u>	<u>\$ 23,187</u>	<u>\$ 398,202</u>	<u>\$ 8,686</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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

**Combining Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013**

	TOTAL	B-07-ST- 66-0001	B-08-ST- 66-0001	B-09-ST- 66-0001	B-10-ST- 66-0001	B-11-ST- 66-0001	B-12-ST- 66-0001	Program Inc. 66-0001
Revenues:								
Federal contributions	\$ 2,757,600	\$ -	\$ -	\$ 218,592	\$ 16,526	\$ 982,687	\$ 1,539,795	\$ -
Tenant rental	760	-	-	-	-	-	-	760
Other	42,779	2,450	-	-	-	37,252	-	3,077
Total Revenues	2,801,139	2,450	-	218,592	16,526	1,019,939	1,539,795	3,837
Operating expenses:								
Repairs and maintenance	1,506,734	-	-	-	-	473,618	1,033,116	-
Other	635,935	-	-	218,164	16,204	135,841	265,726	-
Administrative salaries	403,726	1,717	-	316	234	295,075	103,996	2,388
Employee benefits	156,131	733	-	112	88	115,071	39,209	918
Management fees	-	-	-	-	-	-	-	-
Professional fees	18,934	-	-	-	-	15,076	3,858	-
Advertising and marketing	2,064	-	-	-	-	912	1,152	-
Depreciation	-	-	-	-	-	-	-	-
Office expense	77,459	-	-	-	-	77,459	-	-
Utilities	531	-	-	-	-	-	-	531
Travel	272	-	-	-	-	-	272	-
Compensated absences	(95,148)	-	-	-	-	(95,148)	-	-
Insurance	94,501	-	-	-	-	2,035	92,466	-
Total operating expenses	2,801,139	2,450	-	218,592	16,526	1,019,939	1,539,795	3,837
Operating income (loss)	-	-	-	-	-	-	-	-
Non-operating revenues and exxpenses:								
Interest income	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-	-	-
Total non-operating revenues and (expense), net	-	-	-	-	-	-	-	-
Change in net position	-	-	-	-	-	-	-	-
Total net position - beginning of year	24,464	9,115	-	-	15,349	-	-	-
Total net position - end of year	\$ 24,464	\$ 9,115	\$ -	\$ -	\$ 15,349	\$ -	\$ -	\$ -

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 Statements of Cash Flows
For the Year Ended September 30, 2013

	TOTAL	B-07-ST- 66-0001	B-08-ST- 66-0001	B-09-ST- 66-0001	B-10-ST- 66-0001	B-11-ST- 66-0001	B-12-ST- 66-0001	Program Inc. 66-0001
Cash flows from operating activities:								
Operating grants received	\$ 2,757,600	\$ -	\$ -	\$ 218,592	\$ 16,526	\$ 982,687	\$ 1,539,795	\$ -
Receipts from tenants	3,837	-	-	-	-	-	-	3,837
Payments to suppliers	(2,492,561)	(733)	-	(218,276)	(16,292)	(820,012)	(1,435,799)	(1,449)
Payments to employees	(308,578)	(1,717)	-	(316)	(234)	(199,927)	(103,996)	(2,388)
Other receipts	48,388	2,450	-	-	-	37,252	-	8,686
Net cash provided by operating activities	8,686	-	-	-	-	-	-	8,686
Cash flows from capital and related financing activities:								
Capital grants received	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-	-
Net cash used for capital and related financing activities	-	-	-	-	-	-	-	-
Cash flows from investing activities:								
Interest and other income received	-	-	-	-	-	-	-	-
Net cash provided from investing activities	-	-	-	-	-	-	-	-
Net increase (decrease) in cash	8,686	-	-	-	-	-	-	8,686
Cash at beginning year	-	-	-	-	-	-	-	-
Cash at end of year	\$ 8,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,686
Reconciliation operating income to net cash provided by (used for) operating activities:								
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:								
Depreciation	-	-	-	-	-	-	-	-
(Increase) decrease in assets:								
Accounts receivable - HUD	(10,926)	-	-	314	142	386,820	(398,202)	-
Prepayments and other assets	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Security deposits	2,125	-	-	-	-	-	-	2,125
Compensated absences	(2,682)	-	-	-	-	(95,148)	92,466	-
Due to other funds	39,824	-	-	(314)	(142)	(252,132)	292,261	151
Accrued salaries and wages	4,294	-	-	-	-	(9,181)	13,475	-
Deferred revenues	(23,949)	-	-	-	-	(30,359)	-	6,410
Net cash provided by operating activities	\$ 8,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,686

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

Statements of Net Position

September 30, 2013

ASSETS	Total	AMP 1	AMP 2	AMP 3	AMP 4
Current assets:					
Cash:					
Cash - General Fund	\$ 1,698,178	\$ 120,813	\$ 291,102	\$ 803,867	\$ 482,396
Restricted Cash - security deposits	121,135	25,566	25,801	31,706	38,062
Total cash	<u>1,819,313</u>	<u>146,379</u>	<u>316,903</u>	<u>835,573</u>	<u>520,458</u>
Accounts receivable:					
Tenants	69,295	14,068	8,910	32,185	14,132
HUD	812	-	812	-	-
Due from other programs	5,216,494	1,639,318	616,441	890,381	2,070,354
Interest	126	4	19	58	45
Other	2,117	416	933	718	50
	5,288,844	1,653,806	627,115	923,342	2,084,581
Allowance for doubtful accounts	<u>(47,452)</u>	<u>(9,568)</u>	<u>(8,912)</u>	<u>(15,884)</u>	<u>(13,088)</u>
Total accounts receivable	<u>5,241,392</u>	<u>1,644,238</u>	<u>618,203</u>	<u>907,458</u>	<u>2,071,493</u>
Inventories	227,854	54,247	40,538	52,422	80,647
Investments:					
General fund	1,203,193	38,770	183,158	550,432	430,833
Total investments	<u>1,203,193</u>	<u>38,770</u>	<u>183,158</u>	<u>550,432</u>	<u>430,833</u>
Prepaid and other current assets	43,605	12,532	10,554	8,595	11,924
Total current assets	<u>8,535,357</u>	<u>1,896,166</u>	<u>1,169,356</u>	<u>2,354,480</u>	<u>3,115,355</u>
Noncurrent assets:					
Capital assets:					
Land	2,130,777	299,151	450,147	533,031	848,448
Infrastructure	688,676	85,239	107,587	289,788	206,062
Buildings and improvements, at cost	73,736,103	12,641,303	16,035,778	22,096,579	22,962,443
Furniture and equipment, at cost	2,472,062	793,781	669,990	420,179	588,112
Accumulated depreciation	<u>(62,541,204)</u>	<u>(10,415,195)</u>	<u>(13,762,357)</u>	<u>(19,577,653)</u>	<u>(18,785,999)</u>
Net capital assets	<u>16,486,414</u>	<u>3,404,279</u>	<u>3,501,145</u>	<u>3,761,924</u>	<u>5,819,066</u>
Total assets	<u>\$ 25,021,771</u>	<u>\$ 5,300,445</u>	<u>\$ 4,670,501</u>	<u>\$ 6,116,404</u>	<u>\$ 8,934,421</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

Statements of Net Position, Continued
September 30, 2013

LIABILITIES AND NET ASSETS	Total	AMP 1	AMP 2	AMP 3	AMP 4
Liabilities:					
Accounts payable:					
Vendors	\$ 917	\$ 313	\$ -	\$ 604	\$ -
HUD	38,632	-	-	532	38,100
Tenant security deposits	121,135	25,566	25,801	31,706	38,062
Due to other funds	1,096,714	-	-	1,096,714	-
Accrued salaries and wages	66,357	17,400	14,284	14,122	20,551
Compensated absences, current portion	34,698	7,176	8,454	10,751	8,317
Accrued liabilities - PILOT	56,670	24,271	-	-	32,399
Total accounts payable	<u>1,415,123</u>	<u>74,726</u>	<u>48,539</u>	<u>1,154,429</u>	<u>137,429</u>
Deferred credits:					
Tenants prepaid rents	-	-	-	-	-
Other	(6,262)	-	-	(6,262)	-
Total deferred credits	<u>(6,262)</u>	<u>-</u>	<u>-</u>	<u>(6,262)</u>	<u>-</u>
Total current liabilities	<u>1,408,861</u>	<u>74,726</u>	<u>48,539</u>	<u>1,148,167</u>	<u>137,429</u>
Noncurrent liabilities:					
Compensated absences, net of current portion	118,479	24,991	33,012	21,207	39,269
Other - sick leave, net of current portion	68,219	28,402	26,427	5,737	7,653
Total noncurrent liabilities	<u>186,698</u>	<u>53,393</u>	<u>59,439</u>	<u>26,944</u>	<u>46,922</u>
Total liabilities	<u>1,595,559</u>	<u>128,119</u>	<u>107,978</u>	<u>1,175,111</u>	<u>184,351</u>
Net position:					
Investment in capital assets, net of related debt	16,486,414	3,404,279	3,501,145	3,761,924	5,819,066
Restricted	-	-	-	-	-
Unrestricted	6,939,798	1,768,047	1,061,378	1,179,369	2,931,004
Total net position	<u>23,426,212</u>	<u>5,172,326</u>	<u>4,562,523</u>	<u>4,941,293</u>	<u>8,750,070</u>
Total liabilities and net position	<u>\$ 25,021,771</u>	<u>\$ 5,300,445</u>	<u>\$ 4,670,501</u>	<u>\$ 6,116,404</u>	<u>\$ 8,934,421</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

Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	<u>Total</u>	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>
Operating revenues:					
HUD PHA Operating Grants	\$ 2,930,740	\$ 585,966	\$ 712,218	\$ 810,290	\$ 822,266
Tenant rental income	387,220	151,256	31,278	40,258	164,428
Other income	115,995	26,680	12,909	49,100	27,306
Total operating revenues	<u>3,433,955</u>	<u>763,902</u>	<u>756,405</u>	<u>899,648</u>	<u>1,014,000</u>
Operating expenses:					
Depreciation	1,562,819	275,757	326,950	394,834	565,278
Management fees	547,009	116,140	120,069	141,288	169,512
Ordinary maintenance - salaries	589,751	168,876	129,743	91,507	199,625
Administrative salaries	512,962	126,200	129,628	128,483	128,651
Ordinary repairs and maintenance	320,807	53,605	92,899	118,606	55,697
Tenant services - salaries	249,561	71,376	75,614	69,266	33,305
Other administrative expenses	103,837	23,933	25,048	28,569	26,287
Insurance	192,582	51,881	38,572	45,685	56,444
Employee benefits - ordinary maintenance	218,889	61,443	44,461	39,574	73,411
Utilities	176,164	23,542	31,980	55,752	64,890
Employee benefits - administrative	193,791	50,343	45,649	46,805	50,994
Offices supplies	89,815	23,726	18,673	21,287	26,129
Employee benefits - tenant services	100,465	22,056	31,612	28,420	18,377
Asset management fees	90,000	18,960	19,560	23,400	28,080
Bookkeeping fees	66,832	14,190	14,670	17,265	20,707
Protective services	2,794	880	520	591	803
Travel	292	62	64	73	93
Legal and professional fees	15,141	640	791	898	12,812
Bad debts	18,737	5,874	-	7,824	5,039
Advertising and marketing	4,565	1,069	508	517	2,471
Compensated absences	37,455	(18,211)	6,168	16,886	32,612
Total operating expenses	<u>5,094,268</u>	<u>1,092,342</u>	<u>1,153,179</u>	<u>1,277,530</u>	<u>1,571,217</u>
Operating loss	<u>(1,660,313)</u>	<u>(328,440)</u>	<u>(396,774)</u>	<u>(377,882)</u>	<u>(557,217)</u>
Non-operating revenues and (expenses):					
Interest on general fund investments	8,587	1,534	1,587	2,764	2,702
Recoveries of bad debts	27	-	27	-	-
Casualty loss	(500)	(500)	-	-	-
Other income	8,318	278	654	4,553	2,833
Total non-operating revenues, net	<u>16,432</u>	<u>1,312</u>	<u>2,268</u>	<u>7,317</u>	<u>5,535</u>
Changes in net assets	<u>(1,643,881)</u>	<u>(327,128)</u>	<u>(394,506)</u>	<u>(370,565)</u>	<u>(551,682)</u>
Total net position, beginning of year	<u>25,070,093</u>	<u>5,499,454</u>	<u>4,957,029</u>	<u>5,311,858</u>	<u>9,301,752</u>
Total net position, end of year	<u>\$ 23,426,212</u>	<u>\$ 5,172,326</u>	<u>\$ 4,562,523</u>	<u>\$ 4,941,293</u>	<u>\$ 8,750,070</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

Statements of Cash Flows
Year Ended September 30, 2013

	<u>Total</u>	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>
Cash flows from operating activities:					
Operating grants received	\$ 2,938,291	\$ 588,632	\$ 715,404	\$ 810,290	\$ 823,965
Receipts from tenants	503,215	177,936	44,187	89,358	191,734
Payments to suppliers	(2,130,071)	(552,955)	(475,782)	(481,390)	(619,944)
Payments to employees	(1,352,274)	(366,452)	(334,985)	(289,256)	(361,581)
Other cash receipts (payments)	<u>(192,092)</u>	<u>(21,777)</u>	<u>(20,552)</u>	<u>(78,506)</u>	<u>(71,257)</u>
Net cash provided by (used for) operating activities	<u>(232,931)</u>	<u>(174,616)</u>	<u>(71,728)</u>	<u>50,496</u>	<u>(37,083)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	<u>(243,624)</u>	<u>(52,063)</u>	<u>(48,276)</u>	<u>-</u>	<u>(143,285)</u>
Net cash used for capital and related financing activities	<u>(243,624)</u>	<u>(52,063)</u>	<u>(48,276)</u>	<u>-</u>	<u>(143,285)</u>
Cash flows from investing activities:					
Interest and other income received	<u>35,495</u>	<u>1,039</u>	<u>9,865</u>	<u>9,031</u>	<u>15,560</u>
Net cash provided by investing activities	<u>35,495</u>	<u>1,039</u>	<u>9,865</u>	<u>9,031</u>	<u>15,560</u>
Net increase in cash	(441,060)	(225,640)	(110,139)	59,527	(164,808)
Cash at beginning of year	<u>2,260,373</u>	<u>372,019</u>	<u>427,042</u>	<u>776,046</u>	<u>685,266</u>
Cash at end of year	\$ <u>1,819,313</u>	\$ <u>146,379</u>	\$ <u>316,903</u>	\$ <u>835,573</u>	\$ <u>520,458</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:					
Operating loss	\$ (1,660,313)	\$ (328,440)	\$ (396,774)	\$ (377,882)	\$ (557,217)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation	1,562,819	275,757	326,950	394,834	565,278
Bad debts	18,737	5,874	-	7,824	5,039
(Increase) decrease in assets:					
Accounts receivable:					
Tenants	(41,630)	(5,047)	(6,870)	(25,404)	(4,309)
Due from other funds	(60,722)	(60,921)	4,320	16,349	(20,470)
Interest	9	-	2	3	4
Other	667	1,125	260	(718)	-
Prepaid and other assets	(11,375)	(3,515)	(3,999)	(905)	(2,956)
Inventories	(92,860)	(23,083)	(10,158)	(21,423)	(38,196)
Increase (decrease) in liabilities:					
Accounts payable - Vendors	1	-	-	1	-
Compensated absences	37,453	(18,212)	6,166	16,887	32,612
HUD	1	-	-	-	1
Due to other funds	43,282	(159)	-	43,441	-
Security deposits	(8,215)	(666)	(479)	(7,074)	4
Accrued salaries and wages	26,498	7,750	5,668	4,563	8,517
Accrued liabilities - PILOT	(54,834)	(27,745)	-	-	(27,089)
Deferred credits	<u>7,531</u>	<u>2,666</u>	<u>3,186</u>	<u>-</u>	<u>1,699</u>
Net cash provided by (used for) operating activities	\$ <u>(232,931)</u>	\$ <u>(174,616)</u>	\$ <u>(71,728)</u>	\$ <u>50,496</u>	\$ <u>(37,083)</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 Statements of Net Position
September 30, 2013

Assets	Total	Contract No. SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Current assets:					
Cash:					
Unrestricted	\$ 107,725	\$ -	\$ -	\$ -	\$ 107,725
Restricted - FSS escrow account	134,594	-	-	-	134,594
Restricted - other	1,476,420	-	-	-	1,476,420
Total cash	<u>1,718,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,718,739</u>
Accounts receivable:					
Tenants	96,405	-	-	-	96,405
Interest	30	-	-	-	30
Other	17,593	-	-	-	17,593
Total accounts receivable	<u>114,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,028</u>
Prepaid expenses	<u>7,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,149</u>
Investments:					
Unrestricted	290,039	-	-	-	290,039
Restricted reserve fund	-	-	-	-	-
Total investments	<u>290,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,039</u>
Total current assets	<u>2,129,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,129,955</u>
Noncurrent assets:					
Capital Assets:					
Land, structures, and equipment	713,755	-	-	-	713,755
Accumulated depreciation	(617,456)	-	-	-	(617,456)
Total capital assets, net	<u>96,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,299</u>
Total assets	<u>\$ 2,226,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,226,254</u>
Liabilities and Net Position					
Current Liabilities:					
Accounts payable	\$ 2,311	\$ -	\$ -	\$ -	\$ 2,311
Accrued salaries and wages	34,823	-	-	-	34,823
Due to other funds	393,319	-	-	-	393,319
Compensated absences, current portion	25,758	-	-	-	25,758
Other current liabilities	137,049	-	-	-	137,049
Total current liabilities	<u>593,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,260</u>
Noncurrent Liabilities:					
Compensated absences, net of current portion	106,341	-	-	-	106,341
Other liabilities - sick leave	60,062	-	-	-	60,062
Total noncurrent liabilities	<u>166,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,403</u>
Total Liabilities	<u>759,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,663</u>
Net Position:					
Investment in capital assets, net of related debt	96,299	-	-	-	96,299
Restricted	1,476,420	-	-	-	1,476,420
Unrestricted	(106,128)	-	-	-	(106,128)
Total Net Position	<u>1,466,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,466,591</u>
Total Liabilities and Net Position	<u>\$ 2,226,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,226,254</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended September 30, 2013

	Total	Contract No SF-462			
		Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Operating revenues:					
Housing assistance payments	\$ 31,337,440	\$ -	\$ -	\$ -	\$ 31,337,440
Ongoing administrative fees earned	1,931,882	-	-	-	1,931,882
Other grants - FSS	56,718	-	-	-	56,718
Total operating revenues	33,326,040	-	-	-	33,326,040
Operating expenses:					
Housing assistance payments	33,221,541	-	-	-	33,221,541
Administrative salaries	1,048,849	-	-	-	1,048,849
Employee benefit contribution	396,099	-	-	-	396,099
Management fees	392,210	-	-	-	392,210
Bookkeeping fees	211,335	-	-	-	211,335
Office expense	154,524	-	-	-	154,524
Other administrative expenses	60,368	-	-	-	60,368
Bad debts	59,037	-	-	-	59,037
Depreciation	43,783	-	-	-	43,783
Professional fees	33,088	-	-	-	33,088
Compensated absences	20,142	-	-	-	20,142
Insurance	4,871	-	-	-	4,871
Advertising and marketing	3,393	-	-	-	3,393
Travel	2,256	-	-	-	2,256
Protective services	125	-	-	-	125
Total operating expenses	35,651,621	-	-	-	35,651,621
Operating loss	(2,325,581)	-	-	-	(2,325,581)
Non-operating revenues:					
Interest on operating reserve investments	683	-	-	-	683
Interest on general fund investments	3,501	-	-	-	3,501
Fraud recovery	63,497	-	-	-	63,497
Other income	335,127	-	-	-	335,127
Total non-operating revenues	402,808	-	-	-	402,808
Change in net position	(1,922,773)	-	-	-	(1,922,773)
Total net position, beginning of year	3,389,364	-	-	-	3,389,364
Total net position, end of year	\$ 1,466,591	\$ -	\$ -	\$ -	\$ 1,466,591

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 Statements of Cash Flows

Year Ended September 30, 2013

Contract No. SF-462

	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Cash flows from operating activities:					
Operating grants received	\$ 33,326,040	\$ -	\$ -	\$ -	\$ 33,326,040
Assistance paid	(33,221,541)	-	-	-	(33,221,541)
Payments to suppliers	(1,541,457)	-	-	-	(1,541,457)
Payments to employees	(1,044,792)	-	-	-	(1,044,792)
Net cash used for operating activities	(2,481,750)	-	-	-	(2,481,750)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(26,943)	-	-	-	(26,943)
Net cash flows used for capital and related financing activities	(26,943)	-	-	-	(26,943)
Cash flows from investing activities:					
Interest income received	343,772	-	-	-	343,772
Increase in restricted assets	(347)	-	-	-	(347)
Net cash provided by investing activities	343,425	-	-	-	343,425
Net decrease in cash	(2,165,268)	-	-	-	(2,165,268)
Cash at beginning of year	3,884,007	-	-	-	3,884,007
Cash at end of year	\$ 1,718,739	\$ -	\$ -	\$ -	\$ 1,718,739
Unrestricted cash	\$ 107,725	-	-	-	107,725
Restricted cash - FSS escrow account	134,594	-	-	-	134,594
Restricted cash - other	1,476,420	-	-	-	1,476,420
Total cash at end of year	\$ 1,718,739	\$ -	\$ -	\$ -	\$ 1,718,739

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 Statements of Cash Flows, Continued

Year Ended September 30, 2013

	Contract No. SF-462				
	Total	Certificate Program	Moderate Rehabilitation K-1	Moderate Rehabilitation K-2	Housing Choice Vouchers
Reconciliation of operating loss to net cash used for operating activities:					
Operating loss	\$ (2,325,581)	\$ -	\$ -	\$ -	\$ (2,325,581)
Adjustments to reconcile operating loss to net cash used for operating activities:					
Depreciation	43,783	-	-	-	43,783
Bad debts	59,037	-	-	-	59,037
(Increase) decrease in assets:					
Accounts receivable:					
Tenants	(16,771)	-	-	-	(16,771)
ITUD	59,037	-	-	-	59,037
Due from other funds	69	-	-	-	69
Interest	2	-	-	-	2
Other	22,697	-	-	-	22,697
Prepayments and other assets	(7,149)	-	-	-	(7,149)
Increase (decrease) in liabilities:					
Accounts payable	(71,409)	-	-	-	(71,409)
Compensated absences and sick leave	20,143	-	-	-	20,143
Due to other funds	(231,955)	-	-	-	(231,955)
Accrued salaries and wages	4,057	-	-	-	4,057
Other current liabilities	(37,710)	-	-	-	(37,710)
Net cash used for operating activities	\$ (2,481,750)	\$ -	\$ -	\$ -	\$ (2,481,750)

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM

Combining Statement of Net Position
September 30, 2013

<u>ASSETS</u>	<u>2013</u>
Current assets:	
Cash:	
Unrestricted	\$ 8,549
Restricted	378,583
Security deposits - restricted	19,006
Total cash	<u>406,138</u>
Accounts receivable:	
Tenants	9,869
Other	7,974
Interest	22
	<u>17,865</u>
Allowance for doubtful accounts	<u>(12,122)</u>
Total accounts receivable	<u>5,743</u>
Restricted/reserved investments	204,958
Inventories	12,644
Prepaid and other current assets	475
Total current assets	<u>629,958</u>
Noncurrent assets:	
Capital assets:	
Land	1,380,000
Buildings, property and equipment, net	524,227
Capital assets, net	<u>1,904,227</u>
Total Assets	<u>\$ 2,534,185</u>
 <u>LIABILITIES AND NET POSITION</u> 	
Current liabilities:	
Current portion of long-term debt	\$ 52,000
Accounts payable	2,275
Due to other funds	251,928
Security deposits	19,006
Accrued salaries and wages	4,707
Compensated absences - current portion	208
Total current liabilities	<u>330,124</u>
Noncurrent liabilities:	
Long-term debt, net of current portion	1,208,729
Compensated absences	1,677
Total noncurrent liabilities	<u>1,210,406</u>
Total liabilities	<u>1,540,530</u>
Net position:	
Investment in capital assets, net of related debt	643,498
Restricted	583,541
Unrestricted	(233,384)
Total net position	<u>993,655</u>
Total Liabilities and Net Assets	<u>\$ 2,534,185</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM

Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013

	2013
Operating revenues:	
HUD PHA grants	\$ 394,568
Tenant income	108,140
Total operating revenues	502,708
Operating expenses:	
Utilities	178,452
Salaries and wages	79,437
Depreciation	72,226
Management fees	36,224
Employee benefits	32,867
Other expenses	15,918
Insurance	10,559
Repairs and maintenance	3,377
Office expense	2,947
Bad debts	2,363
Legal and professional fees	1,431
Advertising and marketing	1,070
Protective services	553
Compensated absences	-
Total operating expenses	437,424
Operating income	65,284
Non-operating revenues (expense):	
Interest income on unrestricted investments	243
Interest expense	(77,070)
Other income	5,918
Total non-operating expenses, net	(70,909)
Change in net position	(5,625)
Total net position - beginning of year	999,280
Total net position - end of year	\$ 993,655

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM

Combining Statement of Cash Flows
For the Year Ended September 30, 2013

	2013
Cash flows from operating activities:	
Operating grants received	\$ 394,568
Receipts from tenants	103,066
Payments to suppliers	(506,550)
Payments to employees	(80,234)
Net cash used for operating activities	(89,150)
Cash flows from capital and related financing activities:	
Interest paid	(77,070)
Repayment of note payable	(49,410)
Acquisition of capital assets	(8,500)
Net cash used for capital and related financing activities	(134,980)
Cash flows from investing activities:	
Interest and other income received	6,160
Deposits to restricted accounts	(245)
Net cash provided by investing activities	5,915
Net decrease in cash	(218,215)
Cash at beginning of year	624,353
Cash at end of year	\$ 406,138

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM

Combining Statement of Cash Flows, Continued
For the Year Ended September 30, 2013

	2013
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 65,284
Adjustments to reconcile operating income to net cash used for operating activities:	
Depreciation	72,226
Bad debts	2,363
(Increase) decrease in assets:	
Accounts receivable:	
Tenants	(3,778)
Interest	1
Other	(1,296)
Inventories	(2,551)
Prepaid and other assets	(475)
Increase (decrease) in liabilities:	
Accounts payable	(198)
Due to other funds	(210,913)
Accrued salaries and wages	848
Security deposits	1,054
Compensated absences	(11,715)
Net cash used for operating activities	\$ (89,150)

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 Position
September 30, 2013

ASSETS	Total	Supportive Housing Program	Shelter Plus Care Program	Public Housing Capital Fund Program	Home Investment Partnerships Program	Emergency Shelter Grants Program	Resident Opportunities and Supportive Services	Energy Efficiency and Conservation Block Grant	Economic, Social and Political Development of the Territories	Multifamily Housing Service Coordinator	ARRA - CFDA 14 835 Formula Capital Fund Stimulus	ARRA - CFDA 14 256 Neighborhood Stabilization	ARRA - CFDA 14 257 Homeless Prevention and Rapid Re-Housing	ARRA - CFDA 81 042 Weatherization Assistance
Current assets														
Cash:														
Unrestricted	\$ 10,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,910	\$ 55	\$ 253
Restricted - security deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash	10,218	-	-	-	-	-	-	-	-	-	-	9,910	55	253
Accounts receivable														
Due from other funds	180,791	-	-	163,240	-	-	-	-	385	-	-	4,179	-	12,987
HUD	299,129	4,046	-	70,535	160,754	44,335	5,634	-	-	13,825	-	-	-	-
Federal Government	124,709	-	-	-	-	-	-	-	14,741	-	-	-	-	109,968
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total accounts receivable	604,629	4,046	-	233,775	160,754	44,335	5,634	-	15,126	13,825	-	4,179	-	122,955
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total accounts receivable	604,629	4,046	-	233,775	160,754	44,335	5,634	-	15,126	13,825	-	4,179	-	122,955
Investments:														
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted/reserved by fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	285	-	-	-	283	2	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	615,132	4,046	-	233,775	161,037	44,337	5,634	-	15,126	13,825	-	14,089	55	123,208
Noncurrent assets														
Capital assets, net:														
Land and infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciable buildings, property and equipment, net	7,683,642	-	-	7,675,377	8,265	-	-	-	-	-	-	-	-	-
Total non-current assets	7,683,642	-	-	7,675,377	8,265	-	-	-	-	-	-	-	-	-
Total assets	\$ 8,298,774	\$ 4,046	\$ -	\$ 7,909,152	\$ 169,302	\$ 44,337	\$ 5,634	\$ -	\$ 15,126	\$ 13,825	\$ -	\$ 14,089	\$ 55	\$ 123,208

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Non-Major Enterprise Funds

Combing Statements of Net Position, Continued
September 30, 2013

LIABILITIES AND NET POSITION	Total	Supportive Housing Program	Shelter Plus Care Program	Public Housing Capital Fund Program	Home Investment Partnerships Program	Emergency Shelter Grants Program	Resident Opportunities and Supportive Services	Energy	Economic.	Multifamily Housing Service Coordinator	ARRA -	ARRA -	ARRA - CFDA	ARRA -
								Efficiency and Conservation Block Grant	Social and Political Development of the Territories		CFDA 14 885 Formula Capital Fund Stimulus	CFDA 14 256 Neighborhood Stabilization	14.257 Homeless Prevention and Rapid Re-Housing	CFDA 81.042 Weatherization Assistance
Liabilities:														
Accounts payable	\$ 74	\$ -	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ -
Current portion of compensated absences	4,904	-	-	-	4,405	-	-	-	-	499	-	-	-	-
Due to HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	267,098	4,046	-	(55,880)	118,582	43,969	3,994	-	14,741	10,055	-	4,383	-	123,208
Deferred revenues	299,746	-	-	289,655	-	-	-	-	385	-	-	9,706	-	-
Accrued salaries and wages	6,676	-	-	-	4,668	368	1,640	-	-	-	-	-	-	-
Total current liabilities	578,498	4,046	-	233,775	127,674	44,337	5,634	-	15,126	10,554	-	14,089	55	123,208
Noncurrent liabilities:														
Accrued compensated absences	18,483	-	-	-	15,212	-	-	-	-	3,271	-	-	-	-
Other liabilities	18,151	-	-	-	18,151	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	36,634	-	-	-	33,363	-	-	-	-	3,271	-	-	-	-
Total Liabilities	615,132	4,046	-	233,775	161,037	44,337	5,634	-	15,126	13,825	-	14,089	55	123,208
Net position:														
Investment in capital assets, net of related debt	7,683,642	-	-	7,675,377	8,265	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net position	7,683,642	-	-	7,675,377	8,265	-	-	-	-	-	-	-	-	-
Total liabilities and net position	\$ 8,298,774	\$ 4,046	\$ -	\$ 7,909,152	\$ 169,302	\$ 44,337	\$ 5,634	\$ -	\$ 15,126	\$ 13,825	\$ -	\$ 14,089	\$ 55	\$ 123,208

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 Position
Year Ended September 30, 2013

	Total	Supportive Housing Program	Shelter Plus Care Program	Public Housing Capital Fund Program	Home Investment Partnerships Program	Emergency Shelter Grant Program	Resident Opportunities and Supportive Services	Energy Efficiency and Conservation Block Grant	Economic, Social and Political Development of the Territories	Multifamily Housing Service Coordinator	ARRA - CFDA 14.885 Formula Capital Fund Stimulus	ARRA - CFDA 14.256 Neighborhood Stabilization	ARRA - CFDA 14.257 Homeless Prevention and Rapid Re-Housing	ARRA - CFDA 81.042 Weatherization Assistance
Operating revenues														
HUD PHA Operating Grants	\$ 2,754,410	\$ 563,432	\$ 295,829	\$ 340,105	\$ 1,225,818	\$ 239,853	\$ 31,047	\$ -	\$ -	\$ 58,326	\$ -	\$ -	\$ -	\$ -
Other Government Grants	527,352	-	-	-	-	-	-	49,130	174,453	-	-	-	-	303,769
Tenant rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	128,535	-	-	1,265	126,405	-	-	-	865	-	-	-	-	-
Total operating revenues	3,410,297	563,432	295,829	341,370	1,352,223	239,853	31,047	49,130	175,318	58,326	-	-	-	303,769
Operating expenses														
Repairs and maintenance	1,251,646	-	-	-	1,097,098	-	-	-	154,548	-	-	-	-	-
Administrative salaries	301,376	9,370	8,393	70,307	68,861	8,771	19,583	2,862	13,374	36,446	-	-	-	63,409
Management fees	117,456	-	-	117,456	-	-	-	-	-	-	-	-	-	-
Employee benefits	121,663	3,457	2,886	28,632	28,165	3,294	7,874	1,018	4,924	14,542	-	-	-	26,871
Depreciation	772,177	-	-	772,177	-	-	-	-	-	-	-	-	-	-
Insurance	2,181	-	-	-	458	-	-	-	-	-	-	-	-	1,723
Travel	84	-	-	-	84	-	-	-	-	-	-	-	-	-
Advertising and Marketing	7,845	-	-	2,994	3,413	142	-	-	1,296	-	-	-	-	-
Office expense	38,734	-	-	43	32,123	14	1,848	-	1,026	1,376	-	-	-	304
Professional fees	2,232	-	-	-	1,832	250	-	-	150	-	-	-	-	-
Compensated absences	(15,752)	-	-	-	(1,095)	-	(258)	-	-	3,317	-	-	-	(17,716)
Other	1,582,979	550,605	284,550	121,938	121,284	227,382	-	45,250	-	2,645	-	-	-	229,325
Total operating expenses	4,182,621	563,432	295,829	1,113,547	1,352,223	239,853	31,047	49,130	175,318	58,326	-	-	-	303,916
Operating income (loss)	(772,324)	-	-	(772,177)	-	-	-	-	-	-	-	-	-	(147)
Non-operating revenues (expenses)														
Capital grants	851,002	-	-	851,002	-	-	-	-	-	-	-	-	-	-
Interest income on unrestricted investments	144	-	-	-	-	-	-	-	-	-	-	-	-	144
Other income	3	-	-	-	-	-	-	-	-	-	-	-	-	3
Total non-operating revenues (expenses), net	851,149	-	-	851,002	-	-	-	-	-	-	-	-	-	147
Changes in nets position	78,825	-	-	78,825	-	-	-	-	-	-	-	-	-	-
Total net position - beginning of year	7,604,817	-	-	7,596,552	8,265	-	-	-	-	-	-	-	-	-
Total net position - end of year	\$ 7,683,642	\$ -	\$ -	\$ 7,675,377	\$ 8,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2013

	TOTAL	Suppovive Housing Program	Shelter Plus Care Program	Public Housing Capital Fund Program	Home Investmont Partnerships Program	Emergency Shelter Grant Program	Resident Opportunities and Supportive Services	Energy Efficiency and Conservation Block Grant	Economic, Social and Political Development of the Territories	Multifamily Housing Service Coordinator	ARRA - CFDA 14 885 Formula Capital Fund Stimulus	ARRA - CFDA 14 256 Neighborhood Stabilization	ARRA - CFDA 14 257 Homeless Prevention and Rapid Re-Housing	ARRA - CFDA 81.042 Weatherization Assistance
Cash flows from operating activities:														
Operating grants received	\$ 3,301,023	\$ 559,386	\$ 295,829	\$ 351,921	\$ 1,225,818	\$ 239,853	\$ 31,047	\$ 49,130	\$ 174,453	\$ 65,973	\$ -	\$ 3,844	\$ -	\$ 303,769
Receipts from customers	128,535	-	-	1,265	126,405	-	-	-	865	-	-	-	-	-
Assistance paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to suppliers	(3,104,943)	(550,916)	(295,829)	(282,879)	(1,215,594)	(231,087)	(19,583)	(46,268)	(161,944)	(29,526)	-	-	-	(242,232)
Payments to employees	(122,633)	(9,370)	-	(70,307)	(106,629)	(8,771)	(11,164)	(2,862)	(33,374)	(16,447)	-	-	-	(63,409)
Other cash receipts (payments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) operating activities	1,982	-	-	-	-	-	-	-	-	-	-	3,844	-	(1,862)
Cash flows from capital and related financing activities:														
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of note payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital grants received	851,002	-	-	851,002	-	-	-	-	-	-	-	-	-	-
Acquisition of fixed assets	(851,002)	-	-	(851,002)	-	-	-	-	-	-	-	-	-	-
Net cash flows used for capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:														
Interest and other income received	147	-	-	-	-	-	-	-	-	-	-	-	-	147
Net cash provided by investing activities	147	-	-	-	-	-	-	-	-	-	-	-	-	147
Net increase (decrease) in cash	2,129	-	-	-	-	-	-	-	-	-	-	3,844	-	(1,715)
Cash at beginning of year	8,089	-	-	-	-	-	-	-	-	-	-	6,066	55	1,968
Cash at end of year	\$ 10,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,910	\$ 55	\$ 253
Reconciliation to operating loss to net cash provided by (used for) operating activities:														
Operating loss	\$ (772,524)	\$ -	\$ -	\$ (772,177)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (147)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities														
Depreciation	772,177	-	-	772,177	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:														
Accounts receivable:														
Tenants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUD	118,780	2,138	1,207	115,258	8,186	(25,835)	10,179	-	-	7,647	-	-	-	-
Due from other funds	(126,614)	-	-	(78,842)	(28,536)	-	-	-	-	-	-	(6,114)	-	(12,737)
Due from other government agencies	(57,740)	-	-	-	-	-	-	-	(385)	-	-	-	-	(43,736)
Prepayments and other assets	(2)	-	-	-	-	(2)	-	-	(14,004)	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:														
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	(131,085)	-	-	(115,352)	(1,095)	-	(258)	-	-	3,316	-	-	-	(17,716)
Due to HUD	19,659	-	-	-	19,659	-	-	-	-	-	-	-	-	-
Due to other funds	95,580	(1,562)	(1,037)	-	-	25,581	(10,614)	-	14,004	(10,963)	-	6,316	-	73,861
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	82,872	-	-	78,916	(75)	4	-	-	385	-	-	-	-	-
Accrued salaries and wages	670	(576)	(170)	-	1,861	252	693	-	-	-	-	3,642	-	(1,390)
Net cash provided by (used for) operating activities	\$ 1,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,844	\$ -	\$ (1,862)

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 Position
September 30, 2013

<u>ASSETS</u>	<u>Total</u>	<u>GU0002- B9C-001104</u>	<u>GU0003- B9C-001104</u>	<u>GU0006- B9C-001003</u>	<u>GU0009- B9C-000900</u>	<u>GU0013- B9C-001000</u>	<u>GU0007- B9C-001104</u>	<u>GU0004- B9C-001104</u>	<u>GU0015- B9C-001100</u>	<u>GU0016- B9C-001100</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:										
HUD	\$ 4,046	-	-	-	-	-	-	-	-	4,046
Due from other funds	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	-	-	-	-	-	-	-	-	-
TOTAL	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,046</u>
 <u>LIABILITIES AND NET POSITION</u>										
Accounts payable:										
Due to other funds	\$ 4,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,046
Accrued salaries and wages	-	-	-	-	-	-	-	-	-	-
HUD	-	-	-	-	-	-	-	-	-	-
Accrued liabilities:										
Compensated absences - current	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Compensated absences - noncurrent	-	-	-	-	-	-	-	-	-	-
Net position	-	-	-	-	-	-	-	-	-	-
TOTAL	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,046</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 Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	Total	GU0002- B9C-001104	GU0003- B9C-001101	GU0006- B9C-001003	GU0009- B9C-000900	GU0013- B9C-001000	GU0007- B9C-001104	GU0004- B9C-001104	GU0015- B9C-001100	GU0016- B9C-001100
Revenues:										
Federal contributions	\$ 563,432	\$ 27,858	\$ 235,541	\$ 10,066	\$ 31,557	\$ 38,947	\$ 115,341	\$ 77,109	\$ 17,974	\$ 9,039
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	563,432	27,858	235,541	10,066	31,557	38,947	115,341	77,109	17,974	9,039
Operating expenses:										
Administrative salaries	9,370	214	4,481	228	454	1,233	2,138	-	339	283
Employee benefits	3,457	92	1,575	90	176	471	813	-	134	106
Repair and maintenance	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Other	550,605	27,552	229,485	9,748	30,927	37,243	112,390	77,109	17,501	8,650
Total operating expenses	563,432	27,858	235,541	10,066	31,557	38,947	115,341	77,109	17,974	9,039
Operating income	-	-	-	-	-	-	-	-	-	-
Non-operating revenues (expenditures):										
Interest income	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-	-	-	-	-	-	-
Change in net position	-	-	-	-	-	-	-	-	-	-
Total net position, beginning of year	-	-	-	-	-	-	-	-	-	-
Total net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPORTIVE HOUSING PROGRAM
CFDA NO. 14.235

Combining Statements of Cash Flows
Year Ended September 30, 2013

	Total	GU0002- B9C-001104	GU0003- B9C-001104	GU0006- B9C-001003	GU0006- B9C-001003	GU0013- B9C-001000	GU007 B9C-001104	GU0004- B9C-001104	GU0015- B9C-001100	GU0016- B9C-001100
Cash flows from operating activities:										
Operating grants received	\$ 559,386	\$ 27,858	\$ 235,541	\$ 10,066	\$ 31,557	\$ 38,947	\$ 115,341	\$ 77,109	\$ 17,974	\$ 4,993
Payments to suppliers	(550,016)	(27,644)	(231,060)	(9,838)	(31,103)	(37,714)	(113,203)	(77,109)	(17,635)	(1,710)
Payments to employees	(9,370)	(214)	(4,481)	(228)	(454)	(1,233)	(2,138)	-	(339)	(283)
Net cash provided by (used for) operating activities	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:										
Acquisition of capital assets	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:										
Increase in investment	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) investing activities	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash	-	-	-	-	-	-	-	-	-	-
Cash at beginning year	-	-	-	-	-	-	-	-	-	-
Cash at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by (used for) operating activities:										
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:										
(Increase) decrease in assets:										
Accounts receivable - IIUD	2,138	366	5,818	-	-	-	-	-	-	(1,046)
Accounts receivable - Due from other funds	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:										
Due to other funds	(1,562)	(366)	(5,242)	-	-	-	-	-	-	4,046
Accrued salaries and wages	(576)	-	(576)	-	-	-	-	-	-	-
Net cash provided by (used for) operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SHELTER PLUS CARE PROGRAM
CFDA NO. 14.238

Combining Statements of Net Position
September 30, 2013

<u>ASSETS</u>	Total	GU0011-C9C- 001001	GU0001-C9C- 001003	GU0011-C9C- 001102	GU0001-C9C- 001104
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:					
HUD	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
Capital assets, net	-	-	-	-	-
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>LIABILITIES AND NET POSITION</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and wages	-	-	-	-	-
HUD	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net position	-	-	-	-	-
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SHELTER PLUS CARE PROGRAM
CFDA NO. 14.238

Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	Total	GU0011-C9C- 001001	GU0001-C9C- 001003	GU0011-C9C- 001102	GU0001-C9C- 001104
Revenues:					
Federal contributions	\$ 295,829	\$ 8,509	\$ 45,016	\$ 150,057	\$ 92,247
Other	-	-	-	-	-
Total revenues	295,829	8,509	45,016	150,057	92,247
Operating expenses:					
Administrative salaries	8,393	-	-	8,393	-
Employee benefits	2,886	-	-	2,886	-
Depreciation	-	-	-	-	-
Other	284,550	8,509	45,016	138,778	92,247
Total operating expenses	295,829	8,509	45,016	150,057	92,247
Operating income	-	-	-	-	-
Non-operating revenues (expenditures):					
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-	-
Change in net position	-	-	-	-	-
Total net position - beginning of year	-	-	-	-	-
Total net position - end of year	\$ -	\$ -	\$ -	\$ -	\$ -

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 Statements of Cash Flows
Year Ended September 30, 2013

	Total	GU0011-C9C- 001001	GU0001-C9C- 001003	GU0011-C9C- 001102	GU0001-C9C- 001104
Cash flows from operating activities:					
Operating grants received	\$ 295,829	\$ 8,509	\$ 45,016	\$ 150,057	\$ 92,247
Payments to suppliers	(295,829)	(8,509)	(45,016)	(150,057)	(92,247)
Payments to employees	-	-	-	-	-
Net cash provided by (used for) operating activities	-	-	-	-	-
Cash flows from investing activities:					
Acquisition of capital assets	-	-	-	-	-
Net cash provided by (used for) investing activities	-	-	-	-	-
Cash flows from capital and related financing activities:					
Transfers from fund balance	-	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	-
Net increase (decrease) in cash	-	-	-	-	-
Cash at beginning year	-	-	-	-	-
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
(Increase) decrease in assets:					
Accounts receivable - HUD	1,207	1,037	-	170	-
Accounts receivable - Due from other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable - Due to other funds	(1,037)	(1,037)	-	-	-
Accounts payable - HUD	-	-	-	-	-
Accrued salaries and wages	(170)	-	-	(170)	-
Deferred revenues	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM
CFDA NO. 14.872

Combining Statements of Net Position
September 30, 2013

ASSETS	Total	GQ-50104	GQ-50105	GQ8D001501-03	GQ0SP001501-06	GQ-501-07	GQ-501-08	GQ-501-09	GQ-501-10	GQ-501-11	GQ-501-12
Current assets:											
Cash:											
Cash - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash - other	-	-	-	-	-	-	-	-	-	-	-
Total cash	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable:											
HUD	70,535	-	-	-	-	38,100	-	10,889	-	-	21,546
Due from other programs	163,240	-	7,689	-	3,457	-	73,252	67,100	11,816	-	(74)
	233,775	-	7,689	-	3,457	38,100	73,252	77,989	11,816	-	21,472
Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-
Total accounts receivable	233,775	-	7,689	-	3,457	38,100	73,252	77,989	11,816	-	21,472
Inventories	-	-	-	-	-	-	-	-	-	-	-
Investments:											
General fund	-	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	-	-	-	-	-	-	-	-	-	-	-
Total current assets	233,775	-	7,689	-	3,457	38,100	73,252	77,989	11,816	-	21,472
Noncurrent assets:											
Capital Assets:											
Land, structures and equipment, at cost	10,708,496	1,121,733	1,652,281	535,370	1,832,828	769,191	1,171,850	1,281,844	1,341,600	949,495	49,304
Accumulated depreciation	(3,033,119)	(460,180)	(747,538)	(178,457)	(610,498)	(271,617)	(323,647)	(210,511)	(191,984)	(38,387)	-
Net capital assets	7,675,377	661,253	904,743	356,913	1,222,330	497,574	848,203	1,071,333	1,152,616	911,108	49,304
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	7,675,377	661,253	904,743	356,913	1,222,330	497,574	848,203	1,071,333	1,152,616	911,108	49,304
Total assets	<u>\$ 7,909,152</u>	<u>\$ 661,253</u>	<u>\$ 912,432</u>	<u>\$ 356,913</u>	<u>\$ 1,225,787</u>	<u>\$ 535,674</u>	<u>\$ 921,455</u>	<u>\$ 1,149,322</u>	<u>\$ 1,164,432</u>	<u>\$ 911,108</u>	<u>\$ 70,776</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 Net Position, Continued
September 30, 2013

<u>LIABILITIES AND NET POSITION</u>	<u>Total</u>	<u>GQ-50104</u>	<u>GQ-50105</u>	<u>GQ8D001501-03</u>	<u>GQ08P001501-06</u>	<u>GQ-501-07</u>	<u>GQ-501-08</u>	<u>GQ-501-09</u>	<u>GQ-501-10</u>	<u>GQ-501-11</u>	<u>GQ-501-12</u>
Liabilities:											
Accounts payable:											
Due to other funds	\$ (55,880)	\$ (39,353)	\$ (3,982)	\$ (420)	\$ (82,145)	\$ 38,100	\$ (441)	\$ 10,889	\$ -	\$ -	\$ 21,472
Compensated absences, current portion	-	-	-	-	-	-	-	-	-	-	-
Total accounts payable	<u>(55,880)</u>	<u>(39,353)</u>	<u>(3,982)</u>	<u>(420)</u>	<u>(82,145)</u>	<u>38,100</u>	<u>(441)</u>	<u>10,889</u>	<u>-</u>	<u>-</u>	<u>21,472</u>
Deferred credits:											
Deferred revenue	289,655	39,353	11,671	420	85,602	-	73,693	67,100	11,816	-	-
Total deferred credits	<u>289,655</u>	<u>39,353</u>	<u>11,671</u>	<u>420</u>	<u>85,602</u>	<u>-</u>	<u>73,693</u>	<u>67,100</u>	<u>11,816</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>233,775</u>	<u>-</u>	<u>7,689</u>	<u>-</u>	<u>3,457</u>	<u>38,100</u>	<u>73,252</u>	<u>77,989</u>	<u>11,816</u>	<u>-</u>	<u>21,472</u>
Noncurrent liabilities:											
Compensated absences, net of current portion	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>233,775</u>	<u>-</u>	<u>7,689</u>	<u>-</u>	<u>3,457</u>	<u>38,100</u>	<u>73,252</u>	<u>77,989</u>	<u>11,816</u>	<u>-</u>	<u>21,472</u>
Net Position:											
Investment in capital assets, net of related debt	7,675,377	661,253	904,743	356,913	1,222,330	497,574	848,203	1,071,333	1,152,616	911,108	49,304
Restricted	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-
Total net position	<u>7,675,377</u>	<u>661,253</u>	<u>904,743</u>	<u>356,913</u>	<u>1,222,330</u>	<u>497,574</u>	<u>848,203</u>	<u>1,071,333</u>	<u>1,152,616</u>	<u>911,108</u>	<u>49,304</u>
Total liabilities and net position	<u>\$ 7,909,152</u>	<u>\$ 661,253</u>	<u>\$ 912,432</u>	<u>\$ 356,913</u>	<u>\$ 1,225,787</u>	<u>\$ 535,674</u>	<u>\$ 921,455</u>	<u>\$ 1,149,322</u>	<u>\$ 1,164,432</u>	<u>\$ 911,108</u>	<u>\$ 70,776</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

Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013

	Total	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06	GQ-501-07	GQ-501-08	GQ-501-09	GQ-501-10	GQ-501-11	GQ-501-12
Operating revenues:											
HUD PHA Grants	\$ 340,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,434	\$ 184,195	\$ 129,476
Program income	1,265	-	-	-	-	-	-	-	-	1,265	-
Total operating revenues	<u>341,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,434</u>	<u>185,460</u>	<u>129,476</u>
Operating expenses:											
Depreciation	772,177	73,505	163,069	35,692	122,533	83,059	88,631	81,706	89,190	34,792	-
Management fees	117,456	-	-	-	-	-	-	-	-	4,120	113,336
Other miscellaneous expenses	121,938	-	-	-	-	-	-	-	-	121,878	60
Salaries and wages	70,307	-	-	-	-	-	-	-	18,605	39,961	11,741
Employee benefits	28,632	-	-	-	-	-	-	-	7,829	16,464	4,339
Compensated absences	-	-	-	-	-	-	-	-	-	-	-
Office expense	43	-	-	-	-	-	-	-	-	43	-
Advertising and marketing	2,994	-	-	-	-	-	-	-	-	2,994	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	<u>1,113,547</u>	<u>73,505</u>	<u>163,069</u>	<u>35,692</u>	<u>122,533</u>	<u>83,059</u>	<u>88,631</u>	<u>81,706</u>	<u>115,624</u>	<u>220,252</u>	<u>129,476</u>
Operating loss	<u>(772,177)</u>	<u>(73,505)</u>	<u>(163,069)</u>	<u>(35,692)</u>	<u>(122,533)</u>	<u>(83,059)</u>	<u>(88,631)</u>	<u>(81,706)</u>	<u>(89,190)</u>	<u>(34,792)</u>	<u>-</u>
Non-operating revenues:											
Capital grants	851,002	-	-	-	-	-	-	58,400	10,115	733,183	49,304
Other income	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues	<u>851,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,400</u>	<u>10,115</u>	<u>733,183</u>	<u>49,304</u>
Change in net position	78,825	(73,505)	(163,069)	(35,692)	(122,533)	(83,059)	(88,631)	(23,306)	(79,075)	698,391	49,304
Total net position - beginning of year	<u>7,596,552</u>	<u>734,758</u>	<u>1,067,812</u>	<u>392,605</u>	<u>1,344,863</u>	<u>580,633</u>	<u>936,834</u>	<u>1,094,639</u>	<u>1,231,691</u>	<u>212,717</u>	<u>-</u>
Total net position - end of year	<u>\$ 7,675,377</u>	<u>\$ 661,253</u>	<u>\$ 904,743</u>	<u>\$ 356,913</u>	<u>\$ 1,222,330</u>	<u>\$ 497,574</u>	<u>\$ 848,203</u>	<u>\$ 1,071,333</u>	<u>\$ 1,152,616</u>	<u>\$ 911,108</u>	<u>\$ 49,304</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

PUBLIC HOUSING CAPITAL FUND PROGRAM
CFDA No. 14.872

Combining Statements of Cash Flows
For the Year Ended September 30, 2013

	Total	GQ-50104	GQ-50105	GQ8D001501-03	GQ08P001501-06	GQ-501-07	GQ-501-08	GQ-501-09	GQ-501-10	GQ-501-11	GQ-501-12
Cash flows from operating activities:											
Operating grants received	\$ 351,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,250	\$ 184,195	\$ 129,476
Receipts from customers	1,265	-	-	-	-	-	-	-	-	1,265	-
Payments to suppliers	(282,879)	-	-	-	-	-	-	-	(19,645)	(145,499)	(117,735)
Payments to employees	(70,307)	-	-	-	-	-	-	-	(18,605)	(39,961)	(11,741)
Net cash provided by operating activities	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:											
Capital grants received	851,002	-	-	-	-	-	-	58,400	10,115	733,183	49,304
Acquisition of capital assets	(851,002)	-	-	-	-	-	-	(58,400)	(10,115)	(733,183)	(49,304)
Net cash provided by investing activities	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:											
Investment in time certificate of deposit	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-	-	-	-	-
Net increase (decrease) in cash	-	-	-	-	-	-	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Cash at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided by operating activities:											
Operating loss	\$ (772,177)	\$ (73,505)	\$ (163,069)	\$ (35,692)	\$ (122,533)	\$ (83,059)	\$ (88,631)	\$ (81,706)	\$ (89,190)	\$ (34,792)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:											
Depreciation	772,177	73,505	163,069	35,692	122,533	83,059	88,631	81,706	89,190	34,792	-
(Increase) decrease in assets:											
Due from HUD	115,258	-	-	-	-	-	-	52,750	-	84,054	(21,546)
Due from other funds	(78,842)	-	-	-	-	-	-	(67,100)	(11,816)	-	74
Increase (decrease) in liabilities:											
Due to other funds	(115,332)	-	-	-	-	-	-	(52,750)	-	(84,054)	21,472
Compensated absences	-	-	-	-	-	-	-	-	-	-	-
Deferred credits	78,916	-	-	-	-	-	-	67,100	11,816	-	-
Net cash provided by operating activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 Position
September 30, 2013

ASSETS	Total	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	M-08-ST- 66-0202	M-09-ST- 66-0202	M-10-ST- 66-0202	M-11-ST- 66-0202	M-12-ST- 66-0202
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:												
HUD	160,754	-	-	-	-	-	108,601	(12,939)	28,208	(7,424)	3,553	40,755
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	283	-	-	-	-	-	-	-	85	198	-	-
Capital assets	8,265	-	-	-	-	-	-	-	-	-	8,265	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 169,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,601</u>	<u>\$ (12,939)</u>	<u>\$ 28,293</u>	<u>\$ (7,226)</u>	<u>\$ 11,818</u>	<u>\$ 40,755</u>
LIABILITIES AND NET POSITION												
Current liabilities:												
Vendors	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ -
Due to HUD	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	118,582	-	-	-	-	-	108,601	(12,939)	28,274	(7,226)	1,338	534
Accrued salaries and wages	4,668	-	-	-	-	-	-	-	-	-	2,215	2,453
Compensated absences - current	4,405	-	-	-	-	-	-	-	-	-	-	4,405
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	<u>127,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,601</u>	<u>(12,939)</u>	<u>28,293</u>	<u>(7,226)</u>	<u>3,553</u>	<u>7,392</u>
Noncurrent liabilities:												
Compensated absences -noncurrent	15,212	-	-	-	-	-	-	-	-	-	-	15,212
Other liabilities - sick leave	18,151	-	-	-	-	-	-	-	-	-	-	18,151
Total noncurrent liabilities	<u>33,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,363</u>
Total liabilities	<u>161,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,601</u>	<u>(12,939)</u>	<u>28,293</u>	<u>(7,226)</u>	<u>3,553</u>	<u>40,755</u>
Net position:												
Investment in capital, net of related debt	8,265	-	-	-	-	-	-	-	-	-	8,265	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-
Total net position	<u>8,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,265</u>	<u>-</u>
Total	<u>\$ 169,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,601</u>	<u>\$ (12,939)</u>	<u>\$ 28,293</u>	<u>\$ (7,226)</u>	<u>\$ 11,818</u>	<u>\$ 40,755</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HOME Investment Partnerships Program
CFDA NO. 14.239

Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	Total	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	M-08-ST- 66-0202	M-09-ST- 66-0202	M-10-ST- 66-0202	M-11-ST- 66-0202	M-12-ST- 66-0202
Revenues:												
PHA Operating grants	\$ 1,225,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975,087	\$ 209,976	\$ 40,755
Other	126,405	-	-	-	-	-	-	-	-	-	5,361	121,044
Total Revenues	1,352,223	-	-	-	-	-	-	-	-	975,087	215,337	161,799
Operating expenses:												
Repairs and maintenance	1,097,098	-	-	-	-	-	-	-	-	857,286	165,651	74,161
Administrative salaries	68,861	-	-	-	-	-	-	-	-	-	34,549	34,312
Employee benefits	28,165	-	-	-	-	-	-	-	-	-	14,241	13,924
Management fees	-	-	-	-	-	-	-	-	-	-	-	-
Compensated absences	(1,095)	-	-	-	-	-	-	-	-	-	(38,863)	37,768
Office expense	32,123	-	-	-	-	-	-	-	-	-	32,123	-
Travel	84	-	-	-	-	-	-	-	-	-	-	84
Professional fees	1,832	-	-	-	-	-	-	-	-	-	1,382	450
Advertising and marketing	3,413	-	-	-	-	-	-	-	-	-	3,413	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	458	-	-	-	-	-	-	-	-	-	458	-
Protective services	-	-	-	-	-	-	-	-	-	-	-	-
Other	121,284	-	-	-	-	-	-	-	-	117,801	2,383	1,100
Total operating expenses	1,352,223	-	-	-	-	-	-	-	-	975,087	215,337	161,799
Operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating revenues:												
Capital grants	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues, net	-	-	-	-	-	-	-	-	-	-	-	-
Change in net position	-	-	-	-	-	-	-	-	-	-	-	-
Total net position - beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Total net position - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

HOMF Investment Partnerships Program
CFDA NO. 14.239

Combining Statements of Cash Flows
Year Ended September 30, 2013

	Total	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	M-08-ST- 66-0202	M-09-ST- 66-0202	M-10-ST- 66-0202	M-11-ST- 66-0202	M-12-ST- 66-0202
Cash flows from operating activities:												
Operating grants received	\$ 1,225,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 975,087	\$ 209,976	\$ 40,755
Receipts from customers	126,405	-	-	-	-	-	-	-	-	-	5,361	121,044
Payments to suppliers	(1,245,594)	-	-	-	-	-	-	-	-	(975,087)	(180,788)	(89,719)
Payments to employees	(106,629)	-	-	-	-	-	-	-	-	-	(34,549)	(72,080)
Net cash provided by operating activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:												
Acquisition of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-	-	-	-	-	-	-	-
Cash flows from capital and related financing activities:												
Transfers from fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash	-	-	-	-	-	-	-	-	-	-	-	-
Cash at beginning year	-	-	-	-	-	-	-	-	-	-	-	-
Cash at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:												
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:												
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:												
Accounts receivable - HUD	8,186	-	-	-	-	-	-	-	-	75	48,866	(10,755)
Accounts receivable - Due from other funds	(28,536)	-	-	-	-	-	(28,536)	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:												
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued salaries and wages	1,861	-	-	-	-	-	-	-	-	-	(592)	2,453
Compensated absences	(1,095)	-	-	-	-	-	-	-	-	-	(38,863)	37,768
Due to other funds	19,659	-	-	-	-	-	28,536	-	-	-	(9,411)	534
Deferred revenues	(75)	-	-	-	-	-	-	-	-	(75)	-	-
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

EMERGENCY SHELTER GRANTS
CFDA NO. 14.231

Combining Statements of Net Position
September 30, 2013

ASSETS	Total	S-10-DC- 66-0001	S-09-DC- 66-0001	S-11-DC- 66-0001	E-11-DC- 66-0001	E-12-DC- 66-0001
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable:						
HUD	44,335	-	-	-	24,828	19,507
Prepaid and other assets	2	-	2	-	-	-
Capital assets, net	-	-	-	-	-	-
Total assets	\$ 44,337	\$ -	\$ 2	\$ -	\$ 24,828	\$ 19,507
<u>LIABILITIES AND NET POSITION</u>						
Liabilities:						
Due to other funds	\$ 43,969	\$ -	\$ 2	\$ -	\$ 24,828	\$ 19,139
Accrued salaries and wages	368	-	-	-	-	368
Total liabilities	44,337	-	2	-	24,828	19,507
Net position	-	-	-	-	-	-
Total liabilities and net position	\$ 44,337	\$ -	\$ 2	\$ -	\$ 24,828	\$ 19,507

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 Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	Total	S-10-DC- 66-0001	S-09-DC- 66-0001	S-11-DC- 66-0001	E-11-DC- 66-0001	E-12-DC- 66-0001
Revenues:						
Federal contributions	\$ 239,853	\$ 25,373	\$ -	\$ 114,886	\$ 79,230	\$ 20,364
Other	-	-	-	-	-	-
Total Revenues	<u>239,853</u>	<u>25,373</u>	<u>-</u>	<u>114,886</u>	<u>79,230</u>	<u>20,364</u>
Operating expenses:						
Administrative salaries	8,771	-	-	3,615	4,260	896
Employee benefits	3,294	-	-	1,361	1,604	329
Repair and maintenance	-	-	-	-	-	-
Office expenses	14	-	-	1	13	-
Depreciation	-	-	-	-	-	-
Advertising and marketing	142	-	-	77	65	-
Legal	250	-	-	250	-	-
Travel	-	-	-	-	-	-
Other	227,382	25,373	-	109,582	73,288	19,139
Total operating expenses	<u>239,853</u>	<u>25,373</u>	<u>-</u>	<u>114,886</u>	<u>79,230</u>	<u>20,364</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses):						
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

EMERGENCY SHELTER GRANTS
CFDA NO. 14.231

Combining Statements of Cash Flows
Year Ended September 30, 2013

	Total	S-10-DC- 66-0001	S-09-DC- 66-0001	S-11-DC- 66-0001	E-11-DC- 66-0001	E-12-DC- 66-0001
Cash flows from operating activities:						
Operating grants received	\$ 239,853	\$ 25,373	\$ -	\$ 114,886	\$ 79,230	\$ 20,364
Payments to suppliers	(231,082)	(25,373)	-	(111,271)	(74,970)	(19,468)
Payments to employees	(8,771)	-	-	(3,615)	(4,260)	(896)
Net cash provided by operating activities	-	-	-	-	-	-
Cash flows from investing activities:						
Acquisition of capital assets	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-
Cash flows from capital and related financing activities:						
Transfers from fund balance	-	-	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-	-	-
Net change in cash	-	-	-	-	-	-
Cash at beginning year	-	-	-	-	-	-
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:						
(Increase) decrease in assets:						
Accounts receivable - HUD	(25,835)	18,182	-	318	(24,828)	(19,507)
Prepaide and other assets	(2)	-	(2)	-	-	-
Increase (decrease) in liabilities:						
Accrued salaries and wages	252	-	-	(116)	-	368
Due to other funds	25,581	(18,182)	(2)	(202)	24,828	19,139
Deferred revenues	4	-	4	-	-	-
Net cash provided 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

Weatherization Assistance for Low Income Persons
CFDA NO. 81.042

Combining Statements of Net Position
September 30, 2013

Assets	Total	ARRA CFDA #81.042 Weatherization Assistance	ARRA CFDA #81.042 Weatherization Assistance
Current assets:			
Cash:			
Unrestricted	\$ 253	\$ 253	\$ -
Total cash	<u>253</u>	<u>253</u>	<u>-</u>
Accounts receivable:			
Other Governments	109,968	109,968	-
Due from other funds	12,987	-	12,987
	<u>122,955</u>	<u>109,968</u>	<u>12,987</u>
Allowance for doubtful accounts	-	-	-
Total accounts receivable, net	<u>122,955</u>	<u>109,968</u>	<u>12,987</u>
Total current assets	<u>123,208</u>	<u>110,221</u>	<u>12,987</u>
Noncurrent assets:			
Capital assets, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 123,208</u>	<u>\$ 110,221</u>	<u>\$ 12,987</u>
Liabilities and Net Position			
Liabilities:			
Due to other funds	\$ 123,208	\$ 110,221	\$ 12,987
Other current liabilities	-	-	-
Total current liabilities	<u>123,208</u>	<u>110,221</u>	<u>12,987</u>
Net position:			
Investment in capital assets, net of related debt	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total net position	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net position	<u>\$ 123,208</u>	<u>\$ 110,221</u>	<u>\$ 12,987</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Weatherization Assistance for Low Income Persons
CFDA NO. 81.042

Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013

	Total	ARRA CFDA #81.042 Weatherization Assistance	ARRA CFDA #81.042 Weatherization Assistance
Operating revenues:			
HUD PHA Operating Grants	\$ -	\$ -	\$ -
Other Government Grants	303,769	297,743	6,026
Tenant rental income	-	-	-
Other income	-	-	-
Total operating revenues	<u>303,769</u>	<u>297,743</u>	<u>6,026</u>
Operating expenses:			
Depreciation	-	-	-
Administrative salaries	63,409	59,208	4,201
Other administrative expenses	229,325	229,325	-
Management fees	-	-	-
Employee benefits	26,871	25,046	1,825
Office expense	304	304	-
Bookkeeping fees	-	-	-
Insurance	1,723	1,723	-
Utilities	-	-	-
Compensated absences	(17,716)	(17,716)	-
Travel	-	-	-
Advertising and marketing	-	-	-
Bad debts	-	-	-
Total operating expenses	<u>303,916</u>	<u>297,890</u>	<u>6,026</u>
Operating loss	<u>(147)</u>	<u>(147)</u>	<u>-</u>
Non-operating revenues:			
Capital Grants	-	-	-
Interest income on restricted investments	-	-	-
Fraud recovery	-	-	-
Other income	144	144	-
Interest income on unrestricted investments	3	3	-
Total non-operating revenues	<u>147</u>	<u>147</u>	<u>-</u>
Change in net position	-	-	-
Total net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Total net position - 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

Weatherization Assistance for Low Income Persons

CFDA NO. 81.042

Statements of Cash Flows
For the Year Ended September 30, 2013

	Total	ARRA CFDA #81.042 Weatherization Assistance	ARRA CFDA #81.042 Weatherization Assistance
Cash flows from operating activities:			
Operating grants received	\$ 303,769	\$ 297,743	\$ 6,026
Payments to suppliers	(242,222)	(240,397)	(1,825)
Payments to employees	(63,409)	(59,208)	(4,201)
Other cash receipts (payments)	-	-	-
Net cash used for operating activities	(1,862)	(1,862)	-
Cash flows from capital and related financing activities:			
Capital grants received	-	-	-
Acquisition of fixed assets	-	-	-
Net cash provided by capital and related financing activities	-	-	-
Cash flows from investing activities:			
Interest and other income received	147	147	-
Deposits to restricted accounts	-	-	-
Net cash provided by investing activities	147	147	-
Net decrease in cash	(1,715)	(1,715)	-
Cash at beginning year	1,968	1,968	-
Cash at end of year	\$ 253	\$ 253	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Weatherization Assistance for Low Income Persons
CFDA NO. 81.042

Statements of Cash Flows, Continued
For the Year Ended September 30, 2013

	Total	ARRA CFDA #81.042 Weatherization Assistance	ARRA CFDA #81.042 Weatherization Assistance
Reconciliation of operating loss to net cash			
used for operating activities:			
Operating loss	\$ (147)	\$ (147)	\$ -
Adjustments to reconcile operating loss to net			
cash used for operating activities:			
Depreciation	-	-	-
Bad debts	-	-	-
(Increase) decrease in assets:			
Accounts receivable:			
Notes receivable	-	-	-
Tenant receivables	-	-	-
HUD	-	-	-
Other Government Agencies	(43,736)	(50,447)	6,711
Due from other funds	(12,737)	-	(12,737)
Interest	-	-	-
Other	-	-	-
Prepayments and other assets	-	-	-
Inventories	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	-	-	-
Compensated absences and sick leave	(17,716)	(17,716)	-
Payable to HUD	-	-	-
Due to other funds	73,864	67,838	6,026
Security deposits	-	-	-
Accrued salaries and wages	(1,390)	(1,390)	-
Other current liabilities	-	-	-
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
	\$ (1,862)	\$ (1,862)	\$ -
Net cash used for operating activities			

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Other Enterprise Funds
Combining Statements of Net Position
September 30, 2013

ASSETS	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Current assets:					
Cash					
Unrestricted	\$ 3,479,452	\$ 3,341,514	\$ 137,938	\$ -	\$ -
Restricted - tenant security deposits	3,173	-	3,173	-	-
Restricted - other	1,264,458	1,163,569	100,889	-	-
Total cash	<u>4,747,083</u>	<u>4,505,083</u>	<u>242,000</u>	<u>-</u>	<u>-</u>
Account receivable:					
Due from other funds	4,170,809	819,660	2,800,468	3,873	546,808
Promissory notes, current portion	75,240	75,240	-	-	-
Travel advances	11,951	-	11,951	-	-
Accrued interest	118	59	-	-	59
Other	341,226	293,132	44,654	-	3,440
Total accounts receivable	4,599,344	1,188,091	2,857,073	3,873	550,307
Allowance for doubtful accounts	(105,202)	(100,227)	(4,975)	-	-
Total accounts receivable, net	<u>4,494,142</u>	<u>1,087,864</u>	<u>2,852,098</u>	<u>3,873</u>	<u>550,307</u>
Investments	1,198,629	563,206	-	74,835	560,588
Prepaid and other assets	83,286	8,372	74,914	-	-
Other real estate	3,155,947	3,155,947	-	-	-
Total current assets	<u>13,679,087</u>	<u>9,320,472</u>	<u>3,169,012</u>	<u>78,708</u>	<u>1,110,895</u>
Noncurrent assets:					
Capital assets, net	310,848	64,695	41,598	-	204,555
Promissory notes - noncurrent	679,271	679,271	-	-	-
Total non-current assets	<u>990,119</u>	<u>743,966</u>	<u>41,598</u>	<u>-</u>	<u>204,555</u>
Total Assets	<u>\$ 14,669,206</u>	<u>\$ 10,064,438</u>	<u>\$ 3,210,610</u>	<u>\$ 78,708</u>	<u>\$ 1,315,450</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Accounts payable:					
Due to other funds	\$ 7,203,435	\$ 3,586,326	\$ 2,228,149	\$ -	\$ 1,388,960
Vendors and contractors	567,796	16,045	551,751	-	-
Compensated absences - current portion	24,202	24,202	-	-	-
Other	227,721	-	227,721	-	-
Accrued salaries and wages	50,095	50,095	-	-	-
Accrued liabilities	164,722	25,873	138,849	-	-
Accrued FSS Escrow liabilities	96,372	96,372	-	-	-
Security deposits	3,173	3,173	-	-	-
Deferred revenues	1,332,507	1,314,992	17,515	-	-
Total Current Liabilities	<u>9,670,023</u>	<u>5,117,078</u>	<u>3,163,985</u>	<u>-</u>	<u>1,388,960</u>
Noncurrent liabilities:					
Accrued compensated absences	92,704	92,704	-	-	-
Accrued sick leave	77,138	77,138	-	-	-
Total noncurrent liabilities	<u>169,842</u>	<u>169,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>9,839,865</u>	<u>5,286,920</u>	<u>3,163,985</u>	<u>-</u>	<u>1,388,960</u>
Net Position:					
Investment in capital assets, net of related debt	3,463,795	3,217,642	41,598	-	204,555
Restricted	100,889	-	100,889	-	-
Unrestricted	1,264,657	1,559,876	(95,862)	78,708	(278,065)
Total Net Position	<u>4,829,341</u>	<u>4,777,518</u>	<u>46,625</u>	<u>78,708</u>	<u>(73,510)</u>
Total Liabilities and Net Position	<u>\$ 14,669,206</u>	<u>\$ 10,064,438</u>	<u>\$ 3,210,610</u>	<u>\$ 78,708</u>	<u>\$ 1,315,450</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Operating revenues:					
Property Sales	\$ 22,008	\$ 22,008	\$ -	\$ -	\$ -
Management fees	1,192,899	1,192,899	-	-	-
Asset management fees	90,000	90,000	-	-	-
Bookkeeping fees	278,167	278,167	-	-	-
Other Federal Grants	-	-	-	-	-
Other	413,350	239,969	173,381	-	-
Total operating revenues	<u>1,996,424</u>	<u>1,823,043</u>	<u>173,381</u>	<u>-</u>	<u>-</u>
Operating expenses:					
Project costs	-	-	-	-	-
Repairs and maintenance	8,954	8,954	-	-	-
Administrative salaries	1,163,364	1,112,942	50,346	-	76
Employee benefits	417,948	398,879	19,042	-	27
Depreciation	539	-	-	-	539
Office expense	37,788	37,126	662	-	-
Legal and professional fees	65,357	43,437	21,820	-	100
Utilities	82,103	82,103	-	-	-
Compensated absences	12,864	12,864	-	-	-
Travel	9,186	9,186	-	-	-
Insurance	17,934	17,934	-	-	-
Management fees	100,000	4,055	95,945	-	-
Bad debts	1,875	-	1,875	-	-
Advertising and marketing	9,316	4,996	4,320	-	-
Protective services	413	413	-	-	-
Other	274,087	244,257	20,424	-	9,406
Total operating expenses	<u>2,201,728</u>	<u>1,977,146</u>	<u>214,434</u>	<u>-</u>	<u>10,148</u>
Operating income (loss)	<u>(205,304)</u>	<u>(154,103)</u>	<u>(41,053)</u>	<u>-</u>	<u>(10,148)</u>
Non-operating revenues and (expense):					
Other income	54,834	-	54,834	-	-
Recovery of bad debts	-	-	-	-	-
Other expense	-	-	-	-	-
Investment income	2,419	1,624	26	90	679
Total non-operating revenues and (expenses), net	<u>57,253</u>	<u>1,624</u>	<u>54,860</u>	<u>90</u>	<u>679</u>
Change in net position	(148,051)	(152,479)	13,807	90	(9,469)
Total net position - beginning of year	<u>4,977,392</u>	<u>4,929,997</u>	<u>32,818</u>	<u>78,618</u>	<u>(64,041)</u>
Total net position - end of year	<u>\$ 4,829,341</u>	<u>\$ 4,777,518</u>	<u>\$ 46,625</u>	<u>\$ 78,708</u>	<u>\$ (73,510)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Other Enterprise Funds
Combining Statements of Cash Flows
Year Ended September 30, 2013

	TOTAL	Local Funds	Revolving Funds	Trust Funds	Other Funds
Cash flows from operating activities:					
Operating grants received	\$ 173,381	\$ -	\$ 173,381	\$ -	\$ -
Receipts from customers	2,247,025	2,247,025	-	-	-
Payments to suppliers	(829,559)	(650,458)	(162,213)	-	(16,888)
Payments to employees	(1,178,304)	(1,127,882)	(50,346)	-	(76)
Other cash receipts (payments)	19,407	(23,511)	42,715	-	203
Net cash provided by operating activities	<u>431,950</u>	<u>445,174</u>	<u>3,537</u>	<u>-</u>	<u>(16,761)</u>
Cash flows from capital and related financing activities:					
Acquisition of fixed assets	-	-	-	-	-
Net cash flows used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Interest and other income received	56,152	(1,387)	56,770	90	679
Deposits in restricted accounts	21,867	5,875	-	(90)	16,082
Net cash used for investing activities	<u>78,019</u>	<u>4,488</u>	<u>56,770</u>	<u>-</u>	<u>16,761</u>
Net increase in cash	509,969	449,662	60,307	-	-
Cash at beginning of year	4,237,114	4,055,421	181,693	-	-
Cash at end of year	<u>\$ 4,747,083</u>	<u>\$ 4,505,083</u>	<u>\$ 242,000</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:					
Operating loss	\$ (205,304)	\$ (154,103)	\$ (41,053)	\$ -	\$ (10,148)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Depreciation	539	-	-	-	539
Bad debts	1,875	-	1,875	-	-
(Increase) decrease in assets:					
Accounts receivable:					
Promissory notes	84,849	84,849	-	-	-
Due from other funds	129,241	(81)	129,322	-	-
Travel advances	418	-	418	-	-
Accrued interest	11	5	-	-	6
Other	61,778	86,704	(24,926)	-	-
Prepaid expenses and other assets	(1,120)	(994)	(126)	-	-
Land held for sale	173,265	173,265	-	-	-
Increase (decrease) in liabilities:					
Accounts payable	(57,597)	1,575	(59,172)	-	-
Compensated absences	12,865	12,865	-	-	-
Due to other funds	429,236	480,296	(43,902)	-	(7,158)
Accrued salaries and wages	50,095	50,095	-	-	-
Accrued FSS Escrow liabilities	174	174	-	-	-
Other current liabilities	(107,613)	(135,282)	27,669	-	-
Accrued liabilities	(30,063)	(45,280)	15,217	-	-
Deferred revenues	(110,699)	(108,914)	(1,785)	-	-
Net cash provided by (used for) operating activities	<u>\$ 431,950</u>	<u>\$ 445,174</u>	<u>\$ 3,537</u>	<u>\$ -</u>	<u>\$ (16,761)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

LOCAL FUNDS
Combining Statements of Net Position
September 30, 2013

ASSETS	TOTAL	Sinajana Non-Title I	Gov Guamu Astumbo	Nauru Project	Gov Guamu	Low Cost Housing	Central Office Cost Center	Down Payment Closing Cost	Home Rehabilitation	As-Atlas Project
Current assets:										
Cash - unrestricted	\$ 3,341,514	\$ -	\$ -	\$ -	\$ -	\$ 476,255	\$ 2,785,017	\$ 42,558	\$ 19,169	\$ 18,515
Cash - restricted for FSS	96,372	-	-	-	-	-	96,372	-	-	-
Cash - other restricted	1,067,197	-	-	-	-	-	1,067,197	-	-	-
Total cash	4,505,083	-	-	-	-	476,255	3,948,586	42,558	19,169	18,515
Accounts receivable:										
Due from other funds	819,660	1,666	771,148	4,835	43,727	-	80	-	(1,796)	-
Promissory notes, current portion	75,240	-	-	-	-	-	-	57,372	17,868	-
Allowance for doubtful accounts	(100,227)	-	-	-	-	-	-	(100,227)	-	-
Accrued interest	59	-	-	-	-	59	-	-	-	-
Other	293,132	-	2,300	-	-	139	-	290,693	-	-
Total accounts receivable	1,087,864	1,666	773,448	4,835	43,727	198	80	247,838	16,072	-
Investments	563,206	-	-	-	-	563,206	-	-	-	-
Prepaid and other assets	8,372	-	-	-	-	-	8,372	-	-	-
Land held for sale	3,155,947	-	71,830	-	-	3,084,117	-	-	-	-
Total current assets	9,320,472	1,666	845,278	4,835	43,727	4,123,776	3,957,038	290,396	35,241	18,515
Noncurrent assets:										
Capital assets	155,514	-	1,774	-	-	1,385	152,355	-	-	-
Accumulated depreciation	(90,819)	-	(1,774)	-	-	-	(89,045)	-	-	-
Capital assets, net	64,695	-	-	-	-	1,385	63,310	-	-	-
Promissory notes, noncurrent	679,271	-	-	-	-	-	-	522,117	157,154	-
Total non-current assets	743,966	-	-	-	-	1,385	63,310	522,117	157,154	-
Total assets	\$ 10,064,438	\$ 1,666	\$ 845,278	\$ 4,835	\$ 43,727	\$ 4,125,161	\$ 4,020,348	\$ 812,513	\$ 192,395	\$ 18,515
LIABILITIES AND NET POSITION										
Liabilities:										
Accounts payable:										
Vendors	\$ 16,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,030	\$ 15	\$ -	\$ -
Security deposits	3,173	-	3,173	-	-	-	-	-	-	-
Due to other funds	3,586,326	-	169,365	-	-	3,917	3,616,268	(136,462)	(68,578)	1,816
Accrued salaries and wages	50,095	-	-	-	-	-	50,095	-	-	-
Compensated absences - current portion	24,202	-	-	-	-	-	24,202	-	-	-
Accrued FSS Escrow liabilities	96,372	-	-	-	-	-	96,372	-	-	-
Accrued liabilities	25,873	-	69	-	-	25,597	-	-	-	207
Deferred revenues	1,314,992	-	-	-	-	-	56,233	1,039,342	202,925	16,492
Total current liabilities	5,117,078	-	172,607	-	-	29,514	3,859,200	902,895	134,347	18,515
Noncurrent liabilities:										
Accrued compensated absences	92,704	-	-	-	-	-	92,704	-	-	-
Accrued sick leave	77,138	-	-	-	-	-	77,138	-	-	-
Total noncurrent liabilities	169,842	-	-	-	-	-	169,842	-	-	-
Total liabilities	5,286,920	-	172,607	-	-	29,514	4,029,042	902,895	134,347	18,515
Net position:										
Investment in capital assets, net of related debt	3,217,642	-	71,830	-	-	3,082,502	63,310	-	-	-
Unrestricted	1,559,876	1,666	600,841	4,835	43,727	1,013,145	(72,004)	(90,382)	58,048	-
Total net position	4,777,518	1,666	672,671	4,835	43,727	4,095,647	(8,694)	(90,382)	58,048	-
Total liabilities and net position	\$ 10,064,438	\$ 1,666	\$ 845,278	\$ 4,835	\$ 43,727	\$ 4,125,161	\$ 4,020,348	\$ 812,513	\$ 192,395	\$ 18,515

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Other Enterprise Funds

LOCAL FUNDS

Combining Statements of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2013

	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	As-Atlas Project
Operating revenues:										
Property Sales	\$ 22,008	\$ -	\$ 9,508	\$ -	\$ -	\$ 12,500	\$ -	\$ -	\$ -	\$ -
Management fees	1,192,899	-	-	-	-	-	1,192,899	-	-	-
Asset management fees	90,000	-	-	-	-	-	90,000	-	-	-
Bookkeeping fees	278,167	-	-	-	-	-	278,167	-	-	-
Other Federal Grants	-	-	-	-	-	-	-	-	-	-
Other	239,969	-	28,473	-	-	-	75,955	24,205	31,499	79,837
Total operating revenues	1,823,043	-	37,981	-	-	12,500	1,637,021	24,205	31,499	79,837
Operating expenses:										
Administrative salaries	1,112,942	-	5,042	-	-	4,210	1,086,417	-	-	17,273
Employee benefits	398,879	-	1,944	-	-	1,587	388,827	-	-	6,521
Professional fees	43,437	-	1,362	-	-	1,950	40,125	-	-	-
Management fees	4,055	-	-	-	-	-	-	-	-	4,055
Travel	9,186	-	-	-	-	-	-	-	-	9,186
Project costs	-	-	-	-	-	-	-	-	-	-
Insurance	17,934	-	-	-	-	-	17,934	-	-	-
Protective services	413	-	-	-	-	-	413	-	-	-
Repairs and maintenance	8,954	-	-	-	-	-	8,954	-	-	-
Office expense	37,126	-	-	-	-	-	37,126	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Compensated absences	12,864	-	-	-	-	-	12,864	-	-	-
Advertising and marketing	4,996	-	-	-	-	-	4,132	-	-	864
Utilities	82,103	-	278	-	-	-	81,825	-	-	-
Bad debts	-	-	-	-	-	-	-	-	-	-
Other	244,257	-	282	-	-	174,340	28,015	368	-	41,252
Total operating expenses	1,977,146	-	8,908	-	-	182,087	1,706,632	368	-	79,151
Operating income (loss)	(154,103)	-	29,073	-	-	(169,587)	(69,611)	23,837	31,499	686
Non-operating revenues and expenses:										
Other income	-	-	-	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-	-	-	-
Investment income	1,624	-	-	-	-	1,545	-	-	-	79
Total non-operating revenues and (expense), net	1,624	-	-	-	-	1,545	-	-	-	79
Change in net position	(152,479)	-	29,073	-	-	(168,042)	(69,611)	23,837	31,499	765
Total net position - beginning of year	4,929,997	1,666	643,598	4,835	43,727	4,263,689	60,917	(114,219)	26,549	(765)
Total net position - end of year	\$ 4,777,518	\$ 1,666	\$ 672,671	\$ 4,835	\$ 43,727	\$ 4,095,647	\$ (8,694)	\$ (90,382)	\$ 58,048	\$ -

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Other Enterprise Funds

LOCAL FUNDS

Combining Statements of Cash Flows

Year Ended September 30, 2013

	TOTAL	Sinajana Non-Title 1	Gov Guam Astunibo	Naura Project	Gov Guam	Low Cost Housing	Central Office Cost Center	Down Payment Closing Cost	Home Rehabilitation	As-Aldas Project
Cash flows from operating activities:										
Operating grants received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts from customers	2,247,025	-	30,514	-	-	12,500	2,148,307	24,205	31,499	-
Payments to suppliers	(650,458)	-	(5,042)	-	-	(3,414)	(624,576)	-	-	(17,426)
Payments to employees	(1,127,882)	-	(25,472)	-	-	(4,210)	(1,036,322)	-	-	(61,878)
Other cash receipts (payments)	(23,511)	-	-	-	-	-	(26,681)	16,240	(13,120)	50
Net cash provided by (used for) operating activities	445,174	-	-	-	-	4,876	460,728	40,445	18,379	(79,254)
Cash flows from capital and related financing activities:										
Acquisition of capital assets	-	-	-	-	-	-	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities:										
Interest and other income received	(1,387)	-	-	-	-	1,545	(217)	(2,794)	-	79
Deposits in restricted accounts	5,875	-	-	-	-	5,875	-	-	-	-
Net cash provided by (used for) in investing activities	4,488	-	-	-	-	7,420	(217)	(2,794)	-	79
Net increase (decrease) in cash	449,662	-	-	-	-	12,296	460,511	37,651	18,379	(79,175)
Cash at beginning of year	4,055,421	-	-	-	-	463,959	3,488,075	4,907	790	97,690
Cash at end of year	\$ 4,505,083	\$ -	\$ -	\$ -	\$ -	\$ 476,255	\$ 3,948,586	\$ 42,558	\$ 19,169	\$ 18,515
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	\$ (154,103)	\$ -	\$ 29,073	\$ -	\$ -	\$ (169,587)	\$ (69,611)	\$ 23,837	\$ 31,499	\$ 686
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in assets:										
Accounts receivable:										
Promissory notes	84,849	-	-	-	-	-	-	66,976	17,873	-
Due from other funds	(81)	-	-	-	-	-	(80)	-	(1)	-
Accrued interest	5	-	-	-	-	5	-	-	-	-
Other	86,704	-	7,219	-	-	-	-	79,485	-	-
Prepaid and other assets	(994)	-	-	-	-	-	(994)	-	-	-
Land held for sale	173,265	-	-	-	-	173,265	-	-	-	-
Increase (decrease) in liabilities:										
Accounts payable	1,575	-	-	-	-	-	1,575	-	-	-
Compensated absences	12,865	-	-	-	-	-	12,865	-	-	-
Due to other funds	480,296	-	(36,152)	-	-	1,663	511,286	4,959	(1,865)	405
Accrued salaries and wages	50,095	-	-	-	-	-	50,095	-	-	-
Accrued FSS Escrow liabilities	174	-	-	-	-	-	174	-	-	-
Accrued liabilities	(45,280)	-	(140)	-	-	-	(44,582)	-	-	(558)
Deferred revenue	(108,914)	-	-	-	-	-	-	-	(29,127)	(79,787)
Other	(135,282)	-	-	-	-	(470)	-	(134,812)	-	-
Net cash provided by (used for) operating activities	\$ 445,174	\$ -	\$ -	\$ -	\$ -	\$ 4,876	\$ 460,728	\$ 40,445	\$ 18,379	\$ (79,254)

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

REVOLVING FUNDS
Combining Statements of Net Position
September 30, 2013

ASSETS	Total	Local Revolving Fund	Revolving Fund
Current Assets:			
Cash:			
Unrestricted	\$ 137,938	\$ 11,913	\$ 126,025
Restricted - tenant security deposits	3,173	-	\$ 3,173
Restricted - other	100,889	-	100,889
Total cash	<u>242,000</u>	<u>11,913</u>	<u>230,087</u>
Accounts Receivable:			
Due from other funds	2,800,468	(17,549)	2,818,017
Other	44,654	26,800	17,854
Travel advances	11,951	-	11,951
Allowance for doubtful accounts - other	(4,975)	-	(4,975)
Total accounts receivable	<u>2,852,098</u>	<u>9,251</u>	<u>2,842,847</u>
Investments	-	-	-
Prepaid and other assets	74,914	-	74,914
Total current assets	<u>3,169,012</u>	<u>21,164</u>	<u>3,147,848</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>\$ 3,210,610</u>	<u>\$ 62,762</u>	<u>\$ 3,147,848</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts Payable:			
Due to other funds	\$ 2,228,149	\$ 118,265	\$ 2,109,884
Vendors	551,751	-	551,751
Other	227,721	-	227,721
Other accrued liabilities	138,849	-	138,849
Deferred revenues	17,515	-	17,515
Total liabilities	<u>3,163,985</u>	<u>118,265</u>	<u>3,045,720</u>
Net position:			
Investment in capital assets, net of related debt	41,598	41,598	-
Restricted	100,889	-	100,889
Unrestricted	(95,862)	(97,101)	1,239
Total net position	<u>46,625</u>	<u>(55,503)</u>	<u>102,128</u>
Total liabilities and net position	<u>\$ 3,210,610</u>	<u>\$ 62,762</u>	<u>\$ 3,147,848</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

REVOLVING FUNDS

Combining Statements of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2013

	Total	Local Revolving Fund	Revolving Fund
Operating revenues:			
Other Government Grants	\$ -	\$ -	\$ -
Other	173,381	-	173,381
Total operating revenues	173,381	-	173,381
Operating Expenses:			
Administrative salaries	50,346	-	50,346
Employee benefits	19,042	-	19,042
Management fees	95,945	-	95,945
Advertising and marketing	4,320	-	4,320
Office expense	662	-	662
Legal and professional fees	21,820	300	21,520
Depreciation	-	-	-
Travel	-	-	-
Bad debts	1,875	-	1,875
Repairs and maintenance	-	-	-
Other	20,424	18,787	1,637
Total operating expenses	214,434	19,087	195,347
Operating loss	(41,053)	(19,087)	(21,966)
Non-operating revenues:			
Investment income	26	26	-
Recovery of bad debts	-	-	-
Other income	54,834	54,834	-
Total non-operating revenues	54,860	54,860	-
Change in net position	13,807	35,773	(21,966)
Total net position - beginning of year	32,818	(91,276)	124,094
Total net position - end of year	\$ 46,625	\$ (55,503)	\$ 102,128

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

REVOLVING FUNDS
Combining Statements of Cash Flows
Year Ended September 30, 2013

	Total	Local Revolving Fund	Revolving Fund
Cash flows from operating activities:			
Operating grants received	\$ 173,381	\$ -	\$ 173,381
Payments to suppliers	(162,213)	(19,087)	(143,126)
Payments to employees	(50,346)	-	(50,346)
Other cash receipts (payments)	42,715	(23,942)	66,657
Net cash provided by (used for) operating activities	3,537	(43,029)	46,566
Cash flows from investing activities:			
Investment and other income received	56,770	54,860	1,910
Net cash provided by investing activities	56,770	54,860	1,910
Net increase in cash	60,307	11,831	48,476
Cash at beginning of year	181,693	82	181,611
Cash at end of year	\$ 242,000	\$ 11,913	\$ 230,087
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (41,053)	\$ (19,087)	\$ (21,966)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Bad debts	1,875	-	1,875
(Increase) decrease in assets:			
Accounts receivable:			
Due from other funds	129,322	44,258	85,064
Travel advances	418	-	418
Other	(24,926)	(26,800)	1,874
Prepaid expenses and other assets	(126)	-	(126)
Increase (decrease) in liabilities:			
Accounts payable:			
Vouchers	(59,172)	-	(59,172)
Due to other funds	(43,902)	(41,400)	(2,502)
Other	27,669	-	27,669
Other accrued liabilities	15,217	-	15,217
Deferred revenues	(1,785)	-	(1,785)
Net cash provided by (used for) operating activities	\$ 3,537	\$ (43,029)	\$ 46,566

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
Other Enterprise Funds

TRUST FUNDS
Combining Statements of Net Position
September 30, 2013

Assets	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Accounts receivable:				
Due from other funds	\$ 3,873	\$ 900	\$ 8	\$ 2,965
Interest	-	-	-	-
Investments	<u>74,835</u>	<u>-</u>	<u>74,835</u>	<u>-</u>
 Total assets	 <u>\$ 78,708</u>	 <u>\$ 900</u>	 <u>\$ 74,843</u>	 <u>\$ 2,965</u>
 <u>Liabilities and Net Position</u>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Net position:				
Investment in capital assets, net of related debt	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>78,708</u>	<u>900</u>	<u>74,843</u>	<u>2,965</u>
 Total net position	 <u>78,708</u>	 <u>900</u>	 <u>74,843</u>	 <u>2,965</u>
 Total liabilities and net position	 <u>\$ 78,708</u>	 <u>\$ 900</u>	 <u>\$ 74,843</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 Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Revenues:				
Property sales	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
Expenses	-	-	-	-
Total expenses	-	-	-	-
Operating income	-	-	-	-
Investment income	90	-	90	-
Change in net position	90	-	90	-
Net position - beginning of year	78,618	900	74,753	2,965
Net position - end of year	<u>\$ 78,708</u>	<u>\$ 900</u>	<u>\$ 74,843</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 Statements of Cash Flows
Year Ended September 30, 2013

	Total	Yona Rehab Loan Escrow	Sinajana Rehabilitation Escrow	War in the Pacific
Cash flows from operating activities:				
Receipts from customers	\$ -	\$ -	\$ -	\$ -
Other cash receipts (payments)	-	-	-	-
Net cash provided by operating activities	-	-	-	-
Cash flows from investing activities:				
Interest income received	90	-	90	-
Deposits in restricted accounts	(90)	-	(90)	-
Net cash provided by investing activities	-	-	-	-
Net change in cash	-	-	-	-
Cash at beginning of year	-	-	-	-
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ -	\$ -	\$ -	\$ -
(Increase) decrease in assets:				
Accounts receivable - interest	-	-	-	-
Due from other funds	-	-	-	-
Increase (decrease) in liabilities:				
Other current liabilities	-	-	-	-
Net cash provided by operating activities	<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
Other Enterprise Funds

OTHER FUNDS
Combining Statements of Net Position
September 30, 2013

ASSETS	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Current assets:							
Accounts receivable:							
Due from other funds	\$ 546,808	\$ -	\$ 2,161	\$ -	\$ 439,280	\$ 105,367	\$ -
Interest	59	59	-	-	-	-	-
Other	3,440	-	-	3,440	-	-	-
	<u>550,307</u>	<u>59</u>	<u>2,161</u>	<u>3,440</u>	<u>439,280</u>	<u>105,367</u>	<u>-</u>
Investments	<u>560,588</u>	<u>560,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,110,895</u>	<u>560,647</u>	<u>2,161</u>	<u>3,440</u>	<u>439,280</u>	<u>105,367</u>	<u>-</u>
Noncurrent assets:							
Capital assets, net	<u>204,555</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>65,858</u>	<u>99,882</u>	<u>-</u>
Total non-current assets	<u>204,555</u>	<u>-</u>	<u>38,815</u>	<u>-</u>	<u>65,858</u>	<u>99,882</u>	<u>-</u>
Total assets	<u>\$ 1,315,450</u>	<u>\$ 560,647</u>	<u>\$ 40,976</u>	<u>\$ 3,440</u>	<u>\$ 505,138</u>	<u>\$ 205,249</u>	<u>\$ -</u>
LIABILITIES AND NET POSITION							
Liabilities:							
Accounts payable:							
Due to other funds	\$ 1,388,960	\$ (6,271)	\$ 12,488	\$ 95	\$ 1,176,423	\$ 77,978	\$ 128,247
Accrued liabilities	-	-	-	-	-	-	-
Total liabilities	<u>1,388,960</u>	<u>(6,271)</u>	<u>12,488</u>	<u>95</u>	<u>1,176,423</u>	<u>77,978</u>	<u>128,247</u>
Net position:							
Investment in capital assets, net of related debt	204,555	-	38,815	-	65,858	99,882	-
Unrestricted (deficit)	<u>(278,065)</u>	<u>566,918</u>	<u>(10,327)</u>	<u>3,345</u>	<u>(737,143)</u>	<u>27,389</u>	<u>(128,247)</u>
Total net position	<u>(73,510)</u>	<u>566,918</u>	<u>28,488</u>	<u>3,345</u>	<u>(671,285)</u>	<u>127,271</u>	<u>(128,247)</u>
Total liabilities and net position	<u>\$ 1,315,450</u>	<u>\$ 560,647</u>	<u>\$ 40,976</u>	<u>\$ 3,440</u>	<u>\$ 505,138</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 Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2013

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Operating revenues:							
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-
Operating expenses:							
Administrative salaries	76	-	-	-	-	76	-
Employee benefits	27	-	-	-	-	27	-
Depreciation	539	-	-	-	539	-	-
Asset management fee	-	-	-	-	-	-	-
Legal and professional fees	100	-	-	-	-	100	-
Advertising and marketing	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-
Other	9,406	9,406	-	-	-	-	-
Total operating expenses	10,148	9,406	-	-	539	203	-
Operating income loss	(10,148)	(9,406)	-	-	(539)	(203)	-
Non-operating revenues:							
Investment income	679	679	-	-	-	-	-
Total non-operating revenues (expenses)	679	679	-	-	-	-	-
Change in net position	(9,469)	(8,727)	-	-	(539)	(203)	-
Total net position - beginning of year	(64,041)	575,645	28,488	3,345	(670,746)	127,474	(128,247)
Total net position - end of year	\$ (73,510)	\$ 566,918	\$ 28,488	\$ 3,345	\$ (671,285)	\$ 127,271	\$ (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 Statements of Cash Flows
Year Ended September 30, 2013

	TOTAL	Yona Urban Renewal	Sinajana Urban Renewal	GHURA Rehabilitation	Existing Operating Reserve	Program Income Account Asan	Program Income Account Sinajana
Cash flows from operating activities:							
Receipts from customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to suppliers	(16,888)	(16,761)	-	-	-	(127)	-
Payments to employees	(76)	-	-	-	-	(76)	-
Other cash receipts (payments)	203	-	-	-	-	203	-
Net cash used for operating activities	<u>(16,761)</u>	<u>(16,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Acquisition of capital assets	-	-	-	-	-	-	-
Net cash flows (used for) provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:							
Interest and other income earned	679	679	-	-	-	-	-
decrease in investments	16,082	16,082	-	-	-	-	-
Net cash provided by investing activities	<u>16,761</u>	<u>16,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash	-	-	-	-	-	-	-
Cash at beginning of year	-	-	-	-	-	-	-
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash used for operating activities:							
Operating loss	\$ (10,148)	\$ (9,406)	\$ -	\$ -	\$ (539)	\$ (203)	\$ -
Adjustments to reconcile operating loss to net cash used for operating activities:							
Depreciation	539	-	-	-	539	-	-
Decrease in assets:							
Interest	6	6	-	-	-	-	-
Increase (decrease) in liabilities:							
Accounts payable:							
Due to other funds	(7,158)	(7,361)	-	-	-	203	-
Other current liabilities	-	-	-	-	-	-	-
Net cash provided by operating activities	<u>\$ (16,761)</u>	<u>\$ (16,761)</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**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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, in accordance with the 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, the financial statements of the Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise GHURA's basic financial statements, and have issued our report thereon dated March 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, I considered GHURA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of GHURA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHURA's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hagåtña, Guam
March 11, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners
Guam Housing and Urban Renewal Authority

Report on Compliance for Each Major Federal Program

I have audited the Guam Housing and Urban Renewal Authority's (GHURA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2013. GHURA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of GHURA's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GHURA's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of GHURA's compliance.

Basis for Qualified Opinion on CFDA No. 14.57 – Supportive Housing for the Elderly; CFDA No. 14.850 – Public and Indian Housing; and CFDA No. 14.871 – Section 8 Housing Choice Voucher

As described in the accompanying schedule of findings and questioned costs, GHURA did not comply with requirements regarding its CFDA 14.157 Supportive Housing for the Elderly as described in findings number 13-02 through 13-05 for Eligibility and findings number 13-01 and 13-06 through 13-09 for Special Tests and Provisions; CFDA 14.850 Public and Indian Housing as described in finding number 13-10 for Special Tests and Provisions and 13-11 and 13-12 for Eligibility; and CFDA 14.871 Section 8 Housing Choice Voucher as described in finding number 13-13. Compliance with such requirements is necessary, in my opinion, for GHURA to comply with the requirements applicable to that program.

Qualified Opinion on CFDA No. 14.57 – Supportive Housing for the Elderly; CFDA No. 14.850 – Public and Indian Housing; and CFDA No. 14.871 – Section 8 Housing Choice Voucher

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GHURA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Supportive Housing for the Elderly, Public and Indian Housing and Section 8 Housing Choice Voucher programs for the year ended September 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In my opinion, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 13-08 and 13-09. Our opinion on each major federal program is not modified with respect to these matters.

GHURA's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of GHURA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered GHURA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of GHURA's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 13-01, 13-02, 13-03, 13-07, 13-12 and 13-13 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 13-04, 13-05, 13-06, 13-09, 13-10 and 13-11 to be significant deficiencies.

GHURA's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Hagåtña, Guam
March 11, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2013

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2013 Fiscal Year Expenditures</u>
Direct Grants:		
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
	Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers	\$ 33,326,040 *
14.879	Mainstream Vouchers	-
14.880	Family Unification Program	-
	Sub-total – Housing Voucher Cluster	<u>33,326,040</u>
	Capital Fund Project Cluster:	
14.872	Public Housing Capital Fund Program	1,191,109
14.884	ARRA – Public Housing Capital Fund Competitive	-
14.885	ARRA – Public Housing Capital Fund Stimulus (Formula)	-
	Sub-total – Housing Voucher Cluster	<u>1,191,109</u>
14.157	Supportive Housing for the Elderly	394,568 *
14.191	Multifamily Housing Service Coordinators	58,326
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,757,600 *
14.231	Emergency Shelter Grants Program	239,853
14.235	Supportive Housing Program	563,432
14.238	Shelter Plus Care Program	295,829
14.239	HOME Investment Partnerships	1,225,819
14.850	Public and Indian Housing	2,930,740 *
14.870	Resident Opportunity and Supportive Services	<u>31,047</u>
	Total HUD Program Award Expenditures	<u>\$ 43,014,363</u>
Passed through the Government of Guam Department of Administration:		
<u>U. S. Department of the Interior</u>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	174,453
<u>U. S. Department of Energy</u>		
81.042	ARRA – Weatherization Assistance for Low-Income Persons	303,769
81.128	Energy Efficient and Conservation Block Grant	<u>49,130</u>
	Total Passed through the Government of Guam Department of Administration	<u>527,352</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 43,541,715</u>
	Percentage of Federal Awards Tested	<u>90%</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2013

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.

Programs Subject to Single Audit

The Schedule of Expenditures and Federal Awards presents each Federal program related to the U.S. Department of Housing and Urban Development, U.S. Department of Agriculture, U.S. Department of the Interior and the U.S. Department of Energy.

The Authority has outstanding debt exceeding \$500,000 and the U.S. Department of Agriculture Rural Development requested the Supportive Housing Program for the Elderly be audited as a major program despite below the major program threshold for 2013. Therefore this program was audited as a major program.

Note 2 American Recovery and Reinvestment Act of 2009 (ARRA)

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2013, the Authority's grant award notifications and expenditures subject to Single Audit are as follows:

<u>CFDA Program</u>	<u>Grant Amount</u>	<u>FY 2013 Expenditures</u>
CFDA #81.042	1,123,466	303,769
Total	<u>\$ 1,123,466</u>	<u>\$ 303,769</u>

Note 3 Subrecipients

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

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.225	\$ 359,033
Supportive Housing Program	14.235	550,605
Emergency Shelter Grants Program	14.231	227,382
Shelter Plus Care Program	14.238	<u>287,263</u>
Total		<u>\$ 1,424,283</u>

J. Scott Magliari
& COMPANY

CERTIFIED PUBLIC ACCOUNTANT

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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, 2013 and have issued my report thereon dated March 11, 2014.

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, 2013.

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

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

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



Hagåtña, Guam
March 11, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

I have audited the financial statements of the Supportive Housing for the Elderly Program (the Program) of the Guam Housing and Urban Renewal Authority and issued an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses were identified? _____ yes x no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x 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

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, 2013

PART I - SUMMARY OF AUDITOR'S RESULTS, continued

Identification of major program:

<u>CFDA#</u>	<u>PROGRAM</u>
14.157	Supportive Housing for the Elderly Program
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program (HCV)

Dollar threshold used to distinguish between type A and type B programs: \$1,306,251

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

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No items are reportable.

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 findings 13-01 through 13-13.

<u>Reference Number</u>	<u>Findings</u>	<u>Questioned Costs</u>
13-01	Special Tests and Provisions – Waiting List	\$ -
13-02	Eligibility – Upfront Income Verification	-
13-03	Eligibility – File Maintenance	-
13-04	Eligibility – Annual Inspections	-
13-05	Eligibility – Drug Abuse and Criminal Activity	-
13-06	Special Tests and Provisions – Civil Rights Laws' Accessibility Requirements	-
13-07	Special Tests and Provisions – Administrative Plan	-
13-08	Special Tests and Provisions – Lease Agreement	-
13-09	Special Tests and Provisions – Program Requirements	-
13-10	Special Tests and Provisions – Utility Allowance	-
13-11	Eligibility – Utility Allowance	-
13-12	Eligibility – Utility Allowance	-
13-13	Eligibility – HAP Contract	-
Total Questioned Costs		<u>\$ -</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-01
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Criteria:

The PHA must have written policies in its administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Applicants shall be selected in order of date and time of initial application with consideration given to the regulations governing income targeting as well as adopted local preference.

Condition:

For tenants residing in Units #D-5 and #K-2, based on the applicants' ranking or when initially applied, the applicant names had not reached the top of the waiting list prior to be admitted to the program nor were there any document local preferences granted in accordance with the Authority's applicant selection policies.

Cause:

The Program's management failed to adhere to its Administrative Plan policies and procedures for applicant selection from the waiting list.

Effect:

The Authority is noncompliance with HUD regulations.

Recommendation:

The Authority should implement monitoring policies and procedures to ensure that it complies with existing regulations affecting the waiting list and selection of applicants as it relates to income requirements, elderly and non-elderly status, and local preference selection.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-01, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Guma Trankilidat's Administrative Plan is currently under revision and is expected to be available for public review and comment by March 2014. Submission to the Guam Housing and Urban Renewal Authority (GHURA) Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. The Administrative Plan will document sound policies and procedures for selecting applicants from the Guma Trankilidat wait list. The Guma Trankilidat Property Site Manager will be responsible for overseeing and maintaining fair practices of selection from the Guma Trankilidat wait list by monitoring admission procedures, ensuring compliance with the Administrative Plan policies, Guma Trankilidat's existing Management Plan, and HUD/USDA Rural Development's handbook for Admission and Continued Occupancy in Multifamily Housing Programs.

For tenant's residing in Units D-5 and K-2, the Guma Trankilidat Property Site Manager will retroactively review the files and make necessary corrections to document that previous unit offers and selection were aligned with current procedures for selecting and admitting applicants from the wait list.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-02
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Criteria:

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

Condition:

For five (5) or 38% of the thirteen (13) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System or the TASS to validate tenant reported income for tenants occupying Units #A-3, #D-5, #E-1, #E-2, and #K-2.

There was no documentation on-file to verify the annual income totaling \$12,252 reported on the HUD Forms 50058 and 50059.

There was documentation on-file to substantiate or verify income exclusions totaling \$1,056 reported on the HUD Forms 50058 and 50059.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-02, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Cause:

The Property Site Manager (PSM) is responsible for handling all of the day-to-day operations including processing all tenant applications and failed to perform the income verification procedure in a timely manner. The Authority has not fully implemented internal control procedures to utilize the EIV system and properly document all tenant income sources as part of reexamination process.

Effect:

The potential exist for families to underreport their household income and go undetected.

Prior Year Status:

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

Recommendation:

The Authority should implement internal control monitoring procedures to ensure adherence to its procedures to utilize HUD's centralized Enterprise Income Verification (EIV) System to validate tenant reported income. All sources of income and exclusions should be verified and properly documented in tenant files.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-02, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Guma Trankilidat's revised Administrative Plan will include procedures that require Enterprise Income Verification (EIV) System reports are printed during tenant reexamination appointments, scheduled within 120 days of the tenant's Annual Recertification date, and at least 30 days prior to renewal/contract signing. This process will allow the Guma Trankilidat Property Site Manager to review and verify information contained in the EIV reports, and grant tenants the opportunity to provide documentation for income discrepancies or reports of unreported/underreported income. Based on the outcome of the EIV reports, the Authority will determine whether future or retroactive corrections must be made.

For units A-3, D-5, E-1, E-2 and K-2, the Guma Trankilidat Property Site Manager will retroactively review files and print EIV reports covering the review period cited to ensure corrections are performed and documented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-03
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Criteria:

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

Condition:

Of the thirteen (13) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

1. No third-party documentation was on-file to verify public assistance received for monthly food stamps and welfare assistance totaling \$295 and \$56, respectively, for the tenant residing in Unit #C-1.
2. For 1 or 7% of the 13 tenant files tested, the Certification Form for not filing an individual income tax was not signed by the tenant residing in Unit #E-1.
3. For 1 or 7% of the 13 files tenant tested, the USDA Rural Development Form RD 3560-8 was signed by the tenant or the Property Site Manager for Unit #D-5.
4. For 8 or 62% of the 13 files tested, the Consent of Disclosure GHURA Form was not signed and dated by Project Site Manager for tenants residing in Units #A-3, #C-3, #D-4, #D-6, #E-3, #F-2, #J-1, and #K-2.
5. For 1 or 7% of the 13 files tenant tested, the Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Reasonableness was not signed by the tenant and the Property Site Manager for Unit #D-5.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-03, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Condition: (continued)

6. For 4 or 13% of the 13 tenant files tested, the lease agreement was not on-file for inspection for the tenants residing in Units #A-3, #C-1, #E-1, and #F-2.
7. For 2 or 15% of the 13 tenant files tested, the Unit Inspection Report was not signed or dated by the Inspector for tenants residing in Unit #C-1 and #E-2.
8. For 1 or 8% of the 13 tenant files tested, the social security card was not on-file for independent verification for the tenant residing in Unit #C-1.

Additionally, we noted that numerous HUD eligibility “unused” forms used for eligibility determination were pre-dated and signed by the Property Site Manager.

Cause:

GHURA lacks proper tenant file maintenance. There is a File Document Review and Checklist that is placed in all tenants’ folders during the recertification process; however, it is not being properly used for ensuring that all required eligibility determination documentation is obtained prior to the tenant’s admission to the program. The Property Site Manager did not adhere to the internal control procedures in ensuring that all the required documents are complete and accurate at the time of the annual or recertification process. Additionally, there are no independent internal control monitoring or review procedures in place to ensure the adequacy and completeness of the admission and certification of tenants.

Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Elderly Program Administrative Plan for the Supportive Housing for Elderly program.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No: 13-03, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Prior Year Status:

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

Recommendation:

The Authority should enforce and monitor its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. The File Document Review and Checklist in the tenant's folder should be completed to ensure that all the necessary documents are obtained, properly completed and on-file for independent verification. Supervisors and management must examine files to ensure completeness and accuracy. Greater quality control and internal control monitoring procedures should be implemented to mitigate errors and omissions. The Authority's Compliance Specialist should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Elderly Program Administrative Plan and federal regulations.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager has solicited the assistance of the Section 8 Quality Control Reviewer for the purpose of conducting monthly monitoring of income and document file maintenance effective October 2013. The purpose of the Quality Control review is to provide the Guma Trankilidat Property Site Manager reports that identify discrepancies or corrections to files necessary to reduce the amount of incomplete forms, calculation errors, as well as timely implementation of increases/decreases in total tenant payments. The Quality Control Reviewer performs independent review and submits information to the Guma Trankilidat Property Site Manager for execution of necessary corrections as a result of the review. This process ensures the adequacy and completeness of the admission and certification of tenants.

For the thirteen (13) files tested in this area, the Guma Trankilidat Manager has identified twelve of the sampled units (Units A-3, C-1, C-3, D-4, D-5, D-6, E-1, E-2, E-3, F-2, J-1, and K-2) that will retroactively be reviewed to correct discrepancies cited in the audit report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-04
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Criteria:

Pursuant to the Elderly Program Administrative Plan for the Supportive Housing for Elderly program to conduct annual inspections to ensure that it maintain its housing units in a manner that meets the physical conditions standards set forth in 24 CFR 5.703 in order to be considered decent, safe and in good repair.

Condition:

For three (3) or 23% of the thirteen (13) tenant files tested, there was either no inspection conducted at the time of move-in or the inspection was not performed in a timely manner for the following:

1. Unit #K-2: Unit Move-In Inspection Report was signed by tenant on 11/26/12; however, the Inspector signed and dated report until 2/27/12 which appears to have pre-dated or erroneously signed.
2. Unit #C-1: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 3/1/13.
3. Unit #E-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 12/2/12.

Cause:

The Property Site Manager has not fully implemented procedures to conduct housing inspections according to scheduled time frames to coincide with the annual inspections prior to a tenant's recertification period.

Effect:

There is no material effect on the financial statements as a result of this condition. Additionally, the Authority is not in compliance with its policies and procedures set forth in the Elderly Program Administrative Plan for the Supportive Housing for Elderly program to conduct annual inspections to ensure that it maintain its housing units in a manner that meets the physical conditions standards set forth in 24 CFR 5.703.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-04, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

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:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager has solicited the assistance of the Section 8 Quality Control Inspector to conduct Annual Uniform Physical Conditions Standards (UPCS) inspections effective October 2013. The Annual UPCS inspections will ensure the property site remains compliant with the physical conditions standards set forth in 24 CFR 5.703, to ensure the site is decent, safe, and sanitary, and in good repair. The annual UPCS includes 100% inspection of the site, common areas, and the units. Any deficiencies identified as a result of the annual UPCS inspection must be corrected.

Review of files indicates previous practice intermingles the use of the Annual UPCS inspections with the "Unit Inspection Reports", an internal work order form providing guidance to the Guma Trankilidat staff documenting the current unit condition at the time of move-ins, move-outs, special, or monthly inspections.

The revised Guma Trankilidat Administrative Plan will implement procedures to conduct Annual UPCS inspections that coincide with the Annual Recertification. A review of all tenant files will be conducted to ensure inspections were conducted in a timely manner and properly documented in case files.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-05
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Criteria:

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

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

Condition:

As part of the Authority's admission process, it requires adult household members to obtain a Police/Court Clearance. The Authority's Administrative Plan states that it shall determine involvement in criminal activity through the police or court clearances for criminal activity. For seven (7) or 54% of the thirteen (13) units tested, the Police/Court Clearance was not obtained tenants residing in Units #A-3, #C-1, #D-5, #D-6, #E-1, #E-3, and #F-2.

Cause:

The Authority did not adhere to its administrative plan for screening applicants and tenants for family behavior or suitability for tenancy.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-05, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Eligibility
Questioned Cost: \$0

Effect:

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

Prior Year Status:

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

Recommendation:

The Authority should enforce its existing internal control policies and procedures to ensure that all police and court clearances are obtained during the admission and recertification process. A quality control procedure should be established and implemented to ensure compliance and to ensure that corrective action plans are properly implemented in a timely manner.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Through the update and revision of the Guma Trankilidat Administrative Plan, sound procedures will be implemented to ensure compliance of 24 CFR Sections 982.553 and 982.516 for the Authority's admissions process.

The Guma Trankilidat Property Site Manager will review all current tenants to ensure a Police/Court Clearance for all household members are completed and located in the tenant's file.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-06
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Criteria:

The Uniform Federal Accessibility Standards outlines the uniform standards for the design, construction and alteration of buildings so that physically handicapped persons will have ready access to and use of them in accordance with the Architectural Barriers Act, 42 U.S.C. 4151-4157.

Relating to those standards, the Department of Agriculture (USDA) implemented Section 504 of the Rehabilitation Act of 1973, on June 10, 1982, by issuing 7 CFR 15b. Section 504's purpose is to assure that no otherwise qualified person with a disability is solely by reason of his or her disability excluded from benefits, or subjected to discrimination under any federally assisted program or activity. Correspondingly, on June 11, 1982, USDA issued 7 CFR 15b, which required all borrowers to conduct self-evaluations within 1 year of the USDA regulation. In the event that structural changes were necessary, recipients were required to develop transition plans that set forth the steps necessary to complete such changes.

Condition:

The Program has not updated and submitted its 504 Assessment to Rural Development for review and approval. Additionally, the Program did not perform a self-evaluation and develop a related transition plan identifying physical obstacles that limit accessibility of its program to disabled persons; methods to be used to make facilities accessible; and specification of the steps necessary to achieve full program accessibility and related period of time of the transition plan.

Cause:

The Program's management failed to update and submit its 504 Assessment to Rural Development for review and approval as and there is a lack of internal control monitoring procedures to ensure that the self-evaluation and transition were conducted in a timely manner.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-06, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Effect:

There is no known material effect on the financial as a result of this condition; however, is the Program is in noncompliance with Rural Development HB-2-3560 Chapter 5 requirements.

Prior Year Status:

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

Recommendation:

The Program should update and submit its Management Plan in accordance with the Rural Development HB-2-3560 Chapter 5 requirements.

Auditee Response/Corrective Action Plan:

On October 2013, GHURA submitted its Self-Evaluation Needs Assessment and Transition Plan prepared by E&A TEAM Inc. to Rural Development for review and approval. The 'SENAT' Plan coincides with GHURA's submission of its Capital Needs Assessment for the Guma Trankilidat property. The SENAT Plan identifies physical obstacles that limit accessibility of the program to disabled persons, methods to be used to make the facilities accessible, and the steps necessary to achieve full accessibility. The SENAT Plan outlines GHURA's plan to achieve full program accessibility and the related period of time.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-07
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Criteria:

The Authority is required to maintain an up-to-date Elderly Program Administrative Plan to manage the Guam Elderly Project, commonly known as “Guma Trankilidat” which is financed through the Rural Development and Community Development Service under Section 515 New Construction. The purpose of the Administrative Plan is to establish policies and procedure not covered under Federal Regulations and to further the goal of the Authority to maintain full occupancy, reduce turnover, collect rents owed, preserve the project’s physical condition and adhere to applicable laws and regulations. Changes to the Plan must be approved by the Board of Commissioners and a copy provided to the U.S. Department of Housing and Urban Development (HUD).

Condition:

The Authority has not updated or revised its Administrative Plan since 2004.

Cause:

The Program’s management failed to update or revise the existing Administrative Plan for approval by the Board of Commissioners and submission to HUD. The Authority was using a combination of the existing Administrative Plan along with the Section 8 Housing Choice Voucher Administrative Plan to tailor its current policies and procedures for managing the Project.

Effect:

There is no known material effect on the financial as a result of this condition; however, failure to maintain an updated Administrative Plan exposes the Authority to potential noncompliance with Federal regulations.

Prior Year Status:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-07, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Recommendation:

The Authority should update or revise the existing Administrative Plan for approval by the Board of Commissioners and submission to HUD. A copy should also be submitted to Rural Development.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The Guma Trankilidat Property Site Manager is responsible for updating and revising the Guma Trankilidat Administrative Plan, expected to be available for public review and comment by March 2014. Submission of the Guma Trankilidat Administrative Plan to the GHURA Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. Upon GHURA Board Approval, a copy will be submitted to HUD and Rural Development.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-08
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Criteria:

Pursuant to the “General Provisions” of Project’s House Rules, a leased (dwelling) unit shall be used only as a residence and it use for any business, professional or unlawful purpose is prohibited. Failure to violate any of the Rules shall constitute sufficient grounds for termination of the lease agreement and subsequent eviction from the premises.

Condition:

During a physical tour of the project grounds, it was noted that a tenant residing in Unit #F-3 is actively conducting business from the occupied residence with “for sale” signs posted on the windows. This violation was discussed with the Project Site Manager and although the sign was subsequently removed, it is apparent that the tenant is still conducting business from the leased premises.

Cause:

The Program’s management failed to enforce the general provisions of the lease agreement and provide tenants sufficient written warnings of violations or take correction action to terminate lease agreement.

Effect:

There is no known material effect on the financial as a result of this condition; however, the tenant is noncompliance with the Authority’s “General Provisions” of Project’s House Rules.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-08, continued
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Recommendation:

The Authority should take corrective action to ensure leased units are used only as a residence and not for any business and any continued violation should constitute sufficient grounds for termination of the lease agreement and subsequent eviction.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. The tenant residing in unit F-3 has removed the 'for sale' signs posted along his unit walls and windows as of August 19, 2013. A violation notice has been issued to the tenant on December 20, 2013 for failure to adhere to the Guma Trankilidat Lease Agreement and House Rules.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-09
CFDA Program: 14.157 – Supportive Housing for the Elderly
Area: Special Tests and Provisions
Questioned Cost: \$0

Criteria:

Pursuant to the program requirements set forth in Chapter 1, Section 11-1 Subsection E for Facilities for Religious Observances of the Supportive Housing for the Elderly (HUD Handbook 4571.3), facilities cannot be set aside for use only for religious purposes; however, a multipurpose room may be used for religious services and other related purposes. Religious articles or equipment may not be installed permanently and must be removed at the conclusion of any service or observance. Any room or space used for such purposes must be available for equitable use by all groups composing the tenancy.

Condition:

During an on-site inspection of project, it was noted that the community space/pavilion used for gatherings and religious activities has religious articles, literature, pictures and related paraphernalia and literature posted on and attached to walls and bulletin board that was not removed at the conclusion of the religious service or observance.

Cause:

The Program's management is unaware of this program requirement and consequently failed to enforce the program requirements in the HUD Handbook 4571.3.

Effect:

There is no known material effect on the financial as a result of this condition; however, the tenant is noncompliance with the (HUD Handbook 4571.3 program requirements).

Recommendation:

The Authority should take corrective action to ensure compliance with the HUD Handbook 4571.3 program requirements.

Auditee Response/Corrective Action Plan:

We agree with the audit finding for the above subject area. Effective immediately, the Guma Trankilidat Property Site Manager has removed all religious articles or equipment that were permanently affixed to the building walls or shelves. All tenants were provided a notice on December 19, 2013 and advised that religious articles, equipment, or literature must be removed at the conclusion of any service or observance.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-10
CFDA Program: 14.850 – Public and Indian Housing
Area: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR 965.507 and the Authority's Admissions and Continued Occupancy Policy, it must review its schedule of utility allowances each year. Between annual reviews, the Authority must revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

Condition:

For all 35 files tested, we noted that the Authority did update or review its Utility Allowance Schedule for the fiscal year ending September 30, 2013.

Cause:

The Authority failed to review and update its schedule for utility allowances in a timely manner.

Effect:

The Authority is in noncompliance with 24 CFR 965.507 and its Admissions and Continued Occupancy Policy. There potential exist for tenant rents to be misstated.

Recommendation:

We recommend that management review and update its schedule of utility allowances each year. Between annual reviews, the Authority should revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

Auditee Response/Corrective Action Plan:

We agree with this finding.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-11
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility
Questioned Costs: \$0

Criteria:

In accordance with 24 CFR 965, Subpart E and the Authority's Admissions and Continued Occupancy Policy, Utility allowances are provided to families paying income-based rents when the cost of utilities is not included in the rent. When determining a family's income-based rent, GHURA must use the utility allowance applicable to the type of dwelling unit leased by the family.

Condition:

For one (1) or 3% of 35 tenant files tested, we noted that the Housing Specialist used the Housing Choice Voucher Program Utility Allowance Schedule for determining the utility allowance for the tenant residing in Unit #15BRDC8 which is 3-bedroom unit.

As cited in Finding 13-10, the Authority is using an outdated Utility Allowance Schedule fiscal year ending September 30, 2013, the Housing Specialist should have applied \$235 instead of the \$258 reflected on the Housing Choice Voucher Utility Allowance Schedule for 3-bedroom unit. The family was admitted to the program February 28, 2013 as a new admission and was recertified through February 28, 2014 using the same utility allowance resulting in a \$23 underpayment of tenant monthly rent or \$254 as of February 2014.

Cause:

The Housing Specialist transferred from the Section HCV Program and used the wrong utility allowance schedule. There is a lack of internal control monitoring procedures over the review of tenant eligibility determinations.

Effect:

The Authority lost \$254 is tenant income as a result of this condition.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-11, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility
Questioned Costs: \$0

Recommendation:

We recommend that the Property Site Manager exercise due care in reviewing all admission/recertification documentation for accuracy and completeness prior to the final eligibility determination.

Auditee Response/Corrective Action Plan:

We agree with this finding.

- 1) Applied corrected Utility Allowance Schedule using Public Housing's Schedule.
- 2) Calculated tenant rent effective 02/01/2014 and applied corrected Utility Allowance schedule.
- 3) File was reviewed prior to completion of initial certification, error occurred during the initial certification process. A 20% Quality Control review is conducted on all admissions and re-certifications. AMP manager will review more on the Admissions for completeness and accuracy.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-12
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility
Questioned Costs: \$0

Criteria:

In accordance with the Authority's Admissions and Continued Occupancy Policy, the Authority must complete the following forms during the initial admission or recertification of tenant eligibility: (a) certification that the information provided to the Authority is correct; (b) one or more release forms to allow the Authority to obtain information from third parties; (c) a federally-prescribed general release form for employment information; (d) a privacy notice; obtain police and perform a unit inspection. Additionally, the Authority must obtain the necessary information and documentation to verify income eligibility as a condition of admission or continued occupancy.

Condition:

One or 3% of the thirty-five (35) tenant files tested, the tenant folder for the family residing in unit #A05, lacked certain documentation for the current period or had missing signatures from the Property Site Manager as following:

1. Upfront income verification was not conducted for eligible household members.
2. The Residential Lease Agreement was not signed and dated by the Property Site Manager (PSM) and the tenant.
3. Unit inspection was not conducted during recertification.
4. A police clearance was obtained for adult family household members.
5. Notice of Rent Adjustment was signed and date by the PSM and tenant.
6. Disclosure Consent forms were not properly signed and dated by tenant.
7. Fraud Affidavit (GHURA) Penalties and Interest form was not signed and dated by tenant.
8. Community Service Compliance Certification was not on-file for inspection.

Cause:

The Property Site Manager did not adhere to the internal control procedures in ensuring that all the required documents are obtained and completed at the time of the annual or recertification process. Additionally, there is a lack of consistent quality control monitoring or review procedures in place to ensure the adequacy and completeness of the admission and certification of tenants.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-12, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility
Questioned Costs: \$0

Effect:

There is no material effect on the financial statements as a result of this condition. However, the Authority is not in compliance with federal regulations and its policies and procedures set forth in the Admissions and Continued Occupancy Policy.

Recommendation:

The Authority should enforce and monitor its existing internal control policies and procedures to ensure that all required documents are submitted and complete during the admission or recertification process. Greater quality control and internal control monitoring procedures should be implemented to mitigate errors and omissions. The Authority's Compliance Specialist should periodically test a sample of tenant files for quality control and document the results to correct any deficiencies in a timely manner to strictly enforce adherence to the Admissions and Continued Occupancy Policy and federal regulations.

Auditee Response/Corrective Action Plan:

The AMP3 Property Site Manager (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The green flaps will be revised to ensure that required documents are carried forward, where necessary. These flaps will be used as guidance for both Housing Specialist and Interviewer Clerk to follow through when filing tenant and applicant documents.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Finding No.: 13-12, continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility
Questioned Costs: \$0

Auditee Response/Corrective Action Plan: (continued)

The AMP3 PSM has required the following process:

- Housing Specialist will submit tenant file to PSM upon completion of recertification process within 2 days.
- PSM will conduct quality control review for completeness and document results to have HS correct within 5 working days.

- Housing Specialist will correct deficiencies and return to PSM within 3 working days.
- PSM will conduct final review for completeness within 2 working days.

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations.

The PSM will conduct a 100% quality control review on all tenant files.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Finding No.: 13-13
CFDA Program: 14.871 – Housing Choice Voucher Program
Area: Eligibility
Questioned Costs: \$0

Criteria:

In accordance with HUD regulations and 24 CFR 982.451 for Housing Assistance Payments (HAP) Contract for the Section 8 Housing Choice Voucher Program is an agreement between the Public Housing Authority (PHA) and the owner of a unit occupied by an assisted family using form HUD-52641 Housing Assistance Payments Contract to execute the contract between the PHA and the owner.

Condition:

For one (1) or 3% of 35 tenant files tested, a HAP contract for Voucher #08-0068 was executed by a person who did not have legal capacity sign on behalf of the owner of the unit to be occupied by the assisted family. The HAP contract indicated that individual had power of authority (POA) to act on behalf of the owner but a copy of the POA was not obtained and verified prior to contract execution.

Cause:

There is a lack of internal control monitoring procedures obtaining, verifying and properly documenting landlord documentation in a timely manner.

Effect:

The Authority is in noncompliance with 24 CFR 982.451 and its Administrative Plan.

Recommendation:

We recommend that management strengthen its existing internal control policies and procedures to ensure that all required documentation needed to enter into a HAP contract is obtained, verified and properly documented prior to the execution of the contract.

Auditee Response/Corrective Action Plan:

We agree with the finding. The Housing Specialist Supervisor will increase the percentage of files for quality control review to ensure compliance of all required documentation prior to the HAP contract execution.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2013

Audit Finding

- | | |
|-----------|---|
| 2011 – 01 | This finding is considered resolved. |
| 2011 – 02 | This finding is considered resolved. |
| 2012 – 01 | This finding is considered resolved. |
| 2012 – 02 | This finding is considered resolved. |
| 2012 – 03 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 02. |
| 2012 – 04 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 03. |
| 2012 – 05 | This finding is considered resolved. |
| 2012 – 06 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 04. |
| 2012 – 07 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 05. |
| 2012 – 08 | This finding is considered resolved. |
| 2012 – 09 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 06. |
| 2012 – 10 | This finding is not fully unresolved. The Authority's Plan of Corrective Action was implemented but did not resolve this finding. A similar deficiency was cited in current year Finding No. 13 – 07. |
| 2012 – 11 | This finding is considered unresolved. |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs
Year Ended September 30, 2013

	Questioned Costs	Costs Allowed	Costs Disallowed	Unresolved Questioned Costs
FY 2013 Questioned costs	\$ -	\$ -	\$ -	\$ -
FY 2012 Questioned costs	<u>97,751</u>	<u>-</u>	<u>-</u>	<u>97,751</u>
Total unresolved questioned costs at September 30, 2013	<u>\$ 97,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,751</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 01
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

For tenants residing in Units D-5 and K-2, based on the applicants' ranking or when initially applied, the applicant names had not reached the top of the waiting list prior to being admitted to the program nor were there any document local preferences granted in accordance with the Authority's applicant selection policies.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Guma Trankilidat's Administrative Plan is currently under revision and is expected to be available for public review and comment by March 2014. Submission to the Guam Housing and Urban Renewal Authority (GHURA) Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. The Administrative Plan will document sound policies and procedures for selecting applicants from the Guma Trankilidat wait list. The Property Site Manager will be responsible for overseeing and maintaining fair practices of selection from the Guma Trankilidat wait list by monitoring admission procedures, ensuring compliance with the Administrative Plan policies, Guma Trankilidat's existing Management Plan, and HUD/USDA Rural Development's handbook for Admission and Continued Occupancy in Multifamily Housing Programs.

For tenant's residing in Units D-5 and K-2, the Property Site Manager will retroactively review the files and make necessary corrections to document that previous unit offers and selection were aligned with current procedures for selecting and admitting applicants from the wait list.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

April 30, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 02
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

For five (5) or 38% of the thirteen (13) tenant files tested, the Authority failed to use HUD's centralized Enterprise Income Verification (EIV) System or the TASS to validate tenant report income for tenants occupying Unit A-3, D-5, E-1, E-2, and K-2.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Guma Trankilidat's revised Administrative Plan will include procedures that require Enterprise Income Verification (EIV) System reports are printed during tenant reexamination appointments, scheduled within 120 days of the tenant's Annual Recertification date, and at least 30 days prior to renewal/contract signing. This process will allow the Property Site Manager to review and verify information contained in the EIV reports, and grant tenants the opportunity to provide documentation for income discrepancies or reports of unreported/underreported income. Based on the outcome of the EIV reports, the Authority will determine whether future or retroactive corrections must be made.

For units A-3, D-5, E-1, E-2 and K-2, the Property Site Manager will retroactively review files and print EIV reports covering the review period cited to ensure corrections are performed and documented.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

April 30, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

Finding No. 13 – 03
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

Of the thirteen (13) tenant files tested, tenant folders either lacked certain documentation for the current period or had missing signatures from the Authority's officials for the following:

1. No third-party documentation was on file to verify public assistance received for monthly food stamps and welfare assistance totaling \$295 and \$56, respectively, for the tenant residing in Unit C-1.
2. For 1 or 7% of the 13 tenant files tested, the Certification Form for not filing an individual income tax was not signed by the tenant residing in Unit E-1.
3. For 1 or 7% of the 13 files tenant tested, the USDA Rural Development Form RD 3560-8 was signed by the tenant or the Property Site Manager for Unit D-5.
4. For 8 or 62% of the 13 files tenant tested, the Consent of Disclosure GHURA Form was not signed and dated by Project Site Manager for tenants residing in Units A-3, C-3, D-4, D-6, E-3, F-2, J-1 and K-2.
5. For 1 or 7% of the 13 files tenant tested, the Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Reasonableness was not signed by the tenant and the Property Site Manager for Unit D-5.
6. For 4 or 13% of the 13 tenant files tested, the lease agreement was not on-file for inspection for the tenants residing in Units A-3, C-1, #-1 and F-2.
7. For 2 or 15% of the 13 tenant files tested, the Unit Inspection Report was not signed or dated by the Inspector for tenants residing in Unit C-1 and E-2.
8. For 1 or 8% of the 13 tenant files tested, the social security card was not on-file for independent verification for the tenant residing in Unit C-1.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager has solicited the assistance of the Section 8 Quality Control Reviewer for the purpose of conducting monthly monitoring of income and document file maintenance effective October 2013. The purpose of the Quality Control review is to provide the Property Site Manager reports that identify discrepancies or corrections to files necessary to reduce the amount of incomplete forms, calculation errors, as well as timely implementation of increases/decreases in total tenant payments. The Quality Control Reviewer performs independent review and submits information to the Property Site Manager for execution of necessary corrections as a result of the review. This process ensures the adequacy and completeness of the admission and certification of tenants. For the thirteen (13) files tested in this area, the Property Site Manager has identified twelve of the sampled units (Units A-3, C-1, C-3, D-4, D-5, D-6, E-1, E-2, E-3, F-2, J-1, and K-2) that will retroactively be reviewed to correct discrepancies cited in the audit report.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

June 30, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 04
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

For three (3) or 23% of the thirteen (13) tenant files tested, there was either no inspection conducted at the time of move-in or the inspection was not performed in a timely manner for the following:

1. Unit K-2: Unit Move-In Inspection Report was signed by tenant on 11/26/12; however, the Inspector signed and dated report until 2/27/12 which appears to have pre-dated or erroneously signed.
2. Unit C-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 3/1/13.

Unit E-2: Unit Move-In Inspection Report was not dated to evidence when the inspection was conducted on the move-in date of 12/2/12.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager has solicited the assistance of the Section 8 Quality Control Inspector to conduct Annual Uniform Physical Conditions Standards (UPCS) inspections effective October 2013. The Annual UPCS inspections will ensure the property site remains compliant with the physical conditions standards set forth in 24 CFR 5.703, to ensure the site is decent, safe, and sanitary, and in good repair. The annual UPCS includes 100% inspection of the site, common areas, and the units. Any deficiencies identified as a result of the annual UPCS inspection must be corrected.

Review of files indicates previous practice intermingles the use of the Annual UPCS inspections with the "Unit Inspection Reports", an internal work order form providing guidance to the Guma Trankilidat staff documenting the current unit condition at the time of move-ins, move-outs, special, or monthly inspections.

The revised Administrative Plan will implement procedures to conduct Annual UPCS inspections that coincide with the Annual Recertification. A review of all tenant files will be conducted to ensure inspections were conducted in a timely manner and properly documented in case files. Of importance is to note that the Property Site Manager and Maintenance Man have completed a certificate training on UPCS on August 29, 2013. The UPCS training provides the Guma Trankilidat staff the knowledge to enforce UPCS inspections ensuring the site and units remain compliant.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

May 31, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013**

Finding No. 13 – 05
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

As part of the Authority's admission process, it requires adult household member to obtain a Police/Court Clearance. The Authority's Administrative Plan states that it shall determine involvement in criminal activity through the police or court clearances for criminal activity. For seven (7) or 54% of the thirteen units tested, the Police/Court Clearance was not obtained for tenants residing in Units A-3, C-1, D-5, D-6 E-1, E-2, and F-2.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Through the update and revision of the Guma Trankilidat Administrative Plan, sound procedures will be implemented to ensure compliance of 24 CFR Sections 982.553 and 982.516 for the authority's admissions process.

The Property Site Manager will review all current tenants to ensure a Police/Court Clearance for all household members are completed and located in the tenant's file.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

Continuous

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013**

Finding No. 13 – 06
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

The Program has not updated and submitted its 504 Assessment to Rural Development for review and approval. Additionally, the Program did not perform a self-evaluation and develop a related transition plan identifying physical obstacles that limit accessibility of its program to disable persons; methods to be used to make facilities accessible; and specification of the steps necessary to achieve full program accessibility and related period of time of the transition plan.

Corrective Action Stated and Taken:

On October 2013, GHURA submitted its Self-Evaluation Needs Assessment and Transition Plan prepared by E&A TEAM Inc. to Rural Development for review and approval. The 'SENAT' Plan coincides with GHURA's submission of its Capital Needs Assessment for the Guma Trankilidat property. The SENAT Plan identifies physical obstacles that limit accessibility of the program to disabled persons, methods to be used to make the facilities accessible, and the steps necessary to achieve full accessibility. The SENAT Plan outlines GHURA's plan to achieve full program accessibility and the related period of time.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

October 2013

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 07
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

The Authority has not updated or revised its Administrative Plan since 2004.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The Property Site Manager is responsible for updating and revising the Guma Trankilidat Administrative Plan, expected to be available for public review and comment by March 2014. Submission of the Guma Trankilidat Administrative Plan to the GHURA Board of Commissioners for approval and implementation is scheduled no later than June 30, 2014. Upon GHURA Board Approval, a copy will be submitted to HUD and Rural Development.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

June 30, 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 08
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

During a physical tour of the project grounds, it was noted that a tenant residing in Unit #F-3 is actively conducting business from the occupied residence with “for sale” signs posted on the windows. This violation was discussed with the Project Site Manager and although the sign was subsequently removed, it is apparent that the tenant is still conducting business from the leased premises.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. The tenant residing in unit F-3 has removed the ‘for sale’ signs posted along his unit walls and windows as of August 19, 2013. A violation notice has been issued to the tenant on December 20, 2013 for failure to adhere to the Guma Trankilidat Lease Agreement and House Rules.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

December 20, 2013

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 09
CFDA No. 14.157 – Supportive Housing for the Elderly Program

Condition:

During an on-site inspection of project, it was noted that the community space/pavilion used for gatherings and religious activities has religious articles, literature, pictures and related paraphernalia and literature posted on and attached to walls and bulletin board that was not removed at the conclusion of the religious service or observance.

Corrective Action Stated and Taken:

We agree with the audit finding for the above subject area. Effective immediately, the Guma Trankilidat Property Site Manager has removed all religious articles or equipment that were permanently affixed to the building walls or shelves. All tenants were provided a notice on December 19, 2013 advised that religious articles, equipment, or literature must be removed at the conclusion of any service or observance.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

December 19, 2013

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 10
CFDA No. 14.850 – Public and Indian Housing Program

Condition:

For all 35 files tested, we noted that the Authority did update or review its Utility Allowance Schedule for the fiscal year ending September 30, 2013.

Corrective Action Stated and Taken:

Management will review and update schedule of utility allowances each year. Between annual reviews, the Authority will also revise the utility allowance schedule if there is a rate change that by itself or together with prior rate changes not adjusted for, results in a change of 10 percent or more from the rate on which such allowances were based.

Responsible Party:

Housing Manager

Anticipated Date of Completion:

December 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

Finding No. 13 – 11
CFDA No. 14.850 – Public and Indian Housing Program

Condition:

For one (1) or 3% of 35 tenant files tested, we noted that the Housing Specialist used the Housing Choice Voucher Program Utility Allowance Schedule for determining the utility allowance for the tenant residing in Unit #15BRDC8 which is 3-bedroom unit.

As cited in Finding 13-10, the Authority is using an outdated Utility Allowance Schedule fiscal year ending September 30, 2013, the Housing Specialist should have applied \$235 instead of the \$258 reflected on the Housing Choice Voucher Utility Allowance Schedule for 3-bedroom unit. The family was admitted to the program February 28, 2013 as a new admission and was recertified through February 28, 2014 using the same utility allowance resulting in a \$23 underpayment of tenant monthly rent or \$254 as of February 2014.

Corrective Action Stated and Taken:

We agree with this finding.

- 1) Applied corrected Utility Allowance Schedule using Public Housing's Schedule.
- 2) Calculated tenant rent effective 02/01/2014 and applied corrected Utility Allowance schedule.
- 3) File was reviewed prior to completion of initial certification, error occurred during the initial certification process. A 20% Quality Control review is conducted on all admissions and recertifications. AMP manager will review more on the Admissions for completeness and accuracy.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

February 2014

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2013

Finding No. 13 – 12
CFDA No. 14.850 – Public and Indian Housing Program

Condition:

One or 3% of the thirty-five (35) tenant files tested, the tenant folder for the family residing in unit #A05, lacked certain documentation for the current period or had missing signatures from the Property Site Manager as following:

1. Upfront income verification was not conducted for eligible household members.
2. The Residential Lease Agreement was not signed and dated by the Property Site Manager (PSM) and the tenant.
3. Unit inspection was not conducted during recertification.
4. A police clearance was obtained for adult family household members.
5. Notice of Rent Adjustment was signed and date by the PSM and tenant.
6. Disclosure Consent forms were not properly signed and dated by tenant.
7. Fraud Affidavit (GHURA) Penalties and Interest form was not signed and dated by tenant.
8. Community Service Compliance Certification was not on-file for inspection.

Corrective Action Stated and Taken:

The AMP3 Property Site Manager (PSM) concurs with this finding.

The PSM will enforce and monitor its existing internal control policies and procedures to ensure that all required actions are taken, documents are submitted, and folders are completed during the admission or recertification process. The green flaps will be revised to ensure that required documents are carried forward, where necessary. These flaps will be used as guidance for both Housing Specialist and Interviewer Clerk to follow through when filing tenant and applicant documents.

The AMP3 PSM will revise and update its internal control procedures as necessary to mitigate errors and omissions. The PSM is the Compliance Specialist at the AMP level.

The AMP3 PSM has required the following process:

- Housing Specialist will submit tenant file to PSM upon completion of recertification process within 2 days.
- PSM will conduct quality control review for completeness and document results to have HS correct within 5 working days.
- Housing Specialist will correct deficiencies and return to PSM within 3 working days.
- PSM will conduct final review for completeness within 2 working days.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 12 (continued)
CFDA No. 14.850 – Public and Indian Housing Program

Corrective Action Stated and Taken: (continued)

Deficiencies will be corrected to ensure compliance with the Admissions and Continued Occupancy Policy and federal regulations.

The PSM will conduct a 100% quality control review on all tenant files.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

March 2014 and continuous.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2013

Finding No. 13 – 13
CFDA No. 14.871 – Housing Choice Voucher Program

Condition:

For one (1) or 3% of 35 tenant files tested, a HAP contract for Voucher #08-0068 was executed by a person who did not have legal capacity sign on behalf of the owner of the unit to be occupied by the assisted family. The HAP contract indicated that individual had power of authority (POA) to act on behalf of the owner but a copy of the POA was not obtained and verified prior to contract execution.

Corrective Action Stated and Taken:

We agree with the finding. The Housing Specialist Supervisor will increase the percentage of files for quality control review to ensure compliance of all required documentation prior to the HAP contract execution.

Responsible Party:

Housing Specialist Supervisor

Anticipated Date of Completion:

March 2014 and continuous.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule of Salaries, Wages and Benefits

For the Year Ended September 30, 2013
(With comparative totals for the year ended September 30, 2012)

	<u>2013</u>	<u>2012</u>
Salaries	\$ 4,313,317	\$ 4,187,557
Retirement benefits	1,263,504	1,191,970
Benefits other than retirement	373,641	321,588
Overtime pay	<u>36,422</u>	<u>105,708</u>
Total salaries, wages and benefits	<u>\$ 5,986,884</u>	<u>\$ 5,806,823</u>
Employees at end of year	<u>86</u>	<u>84</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program for the years ended September 30, 2013 and 2012.

See Accompanying Independent's Auditor's Report.

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statements of Net Position
September 30, 2013
(With comparative totals as of September 30, 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Unrestricted cash	\$ 6,561	\$ -
Restricted cash - security deposits	2,125	-
Accounts receivable - HUD	517,258	506,334
Prepaid and other assets	<u>1,327</u>	<u>1,327</u>
Total current assets	527,271	507,661
Capital assets, net	<u>24,464</u>	<u>24,464</u>
Total assets	<u>\$ 551,735</u>	<u>\$ 532,125</u>
 <u>LIABILITIES AND NET POSITION</u> 		
Current liabilities:		
Accounts payable	\$ 1,978	\$ 1,978
Security deposits	2,125	-
Due to other funds	355,600	315,775
Accrued salaries and wages	20,083	15,789
Compensated absences - current	10,785	4,878
Deferred revenues	<u>55,019</u>	<u>78,971</u>
Total current liabilities	445,590	417,391
Non-current liabilities:		
Compensated absences - noncurrent	<u>81,681</u>	<u>90,270</u>
Total non-current liabilities	<u>81,681</u>	<u>90,270</u>
Total liabilities	527,271	507,661
Net Position:		
Investment in capital assets, net of related debt	24,464	24,464
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total net position	<u>24,464</u>	<u>24,464</u>
Total liabilities and net position	<u>\$ 551,735</u>	<u>\$ 532,125</u>

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statements of Revenues, Expenses and Changes in Net Position
September 30, 2013

(With comparative totals as of September 30, 2012)

	<u>2013</u>	<u>2012</u>
Revenues:		
Federal contributions	\$ 2,757,600	\$ 3,168,423
Tenant rent	760	-
Other	<u>42,779</u>	<u>30,680</u>
Total Revenues	<u>2,801,139</u>	<u>3,199,103</u>
Operating expenses:		
Repairs and maintenance	1,506,734	2,079,318
Other	635,935	314,181
Administrative salaries	403,726	521,628
Employee benefits	156,131	188,366
Utilities	531	-
Professional fees	18,934	11,629
Advertising and marketing	2,064	4,214
Office expense	77,459	67,685
Travel	272	2,029
Compensated absences	(95,148)	(3,568)
Insurance	<u>94,501</u>	<u>716</u>
Total operating expenses	<u>2,801,139</u>	<u>3,186,198</u>
Operating income	<u>-</u>	<u>12,905</u>
Non-operating revenues:		
Other income	-	2,444
Other expense	<u>-</u>	<u>-</u>
Total non-operating revenues (expense), net	<u>-</u>	<u>2,444</u>
Change in net position	-	15,349
Total net position, beginning of year	<u>24,464</u>	<u>9,115</u>
Total net position, end of year	<u>\$ 24,464</u>	<u>\$ 24,464</u>

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statements of Cash Flows

September 30, 2013

(With comparative totals as of September 30, 2012)

	2013	2012
Cash flows from operating activities:		
Cash flows from operating activities:		
Operating grants received	\$ 2,757,600	\$ 3,357,485
Receipts from tenants	3,837	-
Payments to suppliers	(2,492,561)	(2,900,972)
Payments to employees	(308,578)	(443,608)
Other receipts	48,388	-
	8,686	12,905
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(15,349)
	-	(15,349)
Cash flows from investing activities:		
Increase in investments	-	2,444
	-	2,444
Net increase in cash	8,686	-
Cash at beginning year	-	-
Cash at end of year	\$ 8,686	\$ -
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ -	\$ 12,905
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	-	-
(Increase) decrease in assets:		
Accounts receivable - HUD	(10,926)	246,855
Prepaid and other assets	-	364
Increase (decrease) in liabilities:		
Security deposits	2,125	-
Compensated absences	(2,682)	(15,412)
Due to other funds	39,824	(215,466)
Accrued salaries and wages	4,294	(8,852)
Deferred revenues	(23,949)	(7,489)
	\$ 8,686	\$ 12,905

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

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

LOW INCOME PUBLIC HOUSING

Statements of Net Position

September 30, 2013

(With comparative totals as of September 30, 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash:		
Unrestricted	\$ 1,698,178	\$ 2,260,373
Restricted - security deposits	121,135	-
Total cash	<u>1,819,313</u>	<u>2,260,373</u>
Accounts receivable:		
Tenants	69,295	27,665
Other	2,117	2,784
HUD	812	812
Due from other programs	5,216,494	5,155,775
Interest	126	135
	<u>5,288,844</u>	<u>5,187,171</u>
Allowance for doubtful accounts	<u>(47,452)</u>	<u>(20,484)</u>
Total accounts receivable	<u>5,241,392</u>	<u>5,166,687</u>
Inventories	<u>227,854</u>	<u>134,993</u>
Investments:		
General fund	1,203,193	1,017,942
Restricted - security deposits	-	183,813
Total investments	<u>1,203,193</u>	<u>1,201,755</u>
Prepaid and other current assets	<u>43,605</u>	<u>32,229</u>
Total current assets	<u>8,535,357</u>	<u>8,796,037</u>
Noncurrent assets:		
Capital assets:		
Land	2,130,777	2,130,777
Infrastructure	688,676	688,676
Buildings and improvements, at cost	73,736,103	73,514,947
Furniture and equipment, at cost	2,472,062	2,449,594
Accumulated depreciation	<u>(62,541,204)</u>	<u>(60,966,118)</u>
Net capital assets	<u>16,486,414</u>	<u>17,817,876</u>
Total assets	<u>\$ 25,021,771</u>	<u>\$ 26,613,913</u>

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

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

LOW INCOME PUBLIC HOUSING

Statements of Net Position, Continued
September 30, 2013

(With comparative totals as of September 30, 2012)

LIABILITIES AND NET POSITION

	2013	2012
Liabilities:		
Accounts payable	\$ 917	\$ -
Payable to HUD	38,632	38,631
Tenant security deposits	121,135	129,350
Due to other funds	1,096,714	1,053,432
Accrued salaries and wages	66,357	39,859
Compensated absences, current portion	34,698	12,763
Other current liabilities	-	916
Accrued liabilities	56,670	111,504
Total accounts payable	1,415,123	1,386,455
Deferred credits	(6,262)	(13,813)
Total current liabilities	1,408,861	1,372,642
Noncurrent liabilities:		
Compensated absences, net of current portion	118,479	102,150
Other - sick leave, net of current portion	68,219	69,028
Total noncurrent liabilities	186,698	171,178
Total liabilities	1,595,559	1,543,820
Net position:		
Investment in capital assets, net of related debt	16,186,414	17,817,876
Restricted	-	183,767
Unrestricted	6,939,798	7,068,450
Total net position	23,126,212	25,070,093
Total liabilities and net position	\$ 24,721,771	\$ 26,613,913

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

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

LOW INCOME PUBLIC HOUSING

Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013
(With comparative totals as of September 30, 2012)

	2013	2012
Operating revenues:		
HUD PHA operating grants	\$ 2,930,740	\$ 1,725,318
Tenant rental income	387,220	336,329
Other income	115,995	76,239
Total operating revenues	3,433,955	2,137,886
Operating expenses:		
Depreciation	1,562,819	1,743,930
Ordinary maintenance - salaries	589,751	545,186
Management fees	547,009	510,373
Administrative salaries	512,962	421,047
Ordinary repairs and maintenance	320,807	1,356,464
Tenant services - salaries	249,561	246,955
Employee benefits - ordinary maintenance	218,889	187,444
Employee benefits - administrative	193,791	145,471
Insurance	192,582	147,491
Utilities	176,164	146,416
Other administrative expenses	103,837	330,268
Employee benefits - tenant services	100,465	95,183
Asset management fees	90,000	90,000
Offices supplies	89,815	96,279
Bookkeeping fees	66,832	65,985
Compensated absences	37,455	17,660
Bad debts	18,737	-
Legal and professional fees	15,141	5,754
Advertising and marketing	4,565	6,048
Protective services	2,794	6,029
Travel	292	13,255
Payments in-lieu of taxes	-	26,800
Relocation costs	-	62
Total operating expenses	5,094,268	6,204,100
Operating loss	(1,660,313)	(4,066,214)
Non-operating revenues:		
Interest on general fund investments	8,587	2,045
Recovery of bad debts	27	94,434
Gain on sale of capital assets	-	6,637
Other income	7,818	58,044
Total non-operating revenues	16,432	161,160
Changes in net position	(1,643,881)	(3,905,054)
Total net position, beginning of year	25,070,093	27,420,838
Equity transfer-in	-	1,554,309
Total net position, end of year	\$ 23,426,212	\$ 25,070,093

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

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

LOW INCOME PUBLIC HOUSING

Statements of Cash Flows
For the Year Ended September 30, 2013
(With comparative totals as of September 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Operating grants received	\$ 2,938,291	\$ 1,725,318
Receipts from tenants	503,215	425,619
Payments to suppliers	(2,130,071)	(1,442,226)
Payments to employees	(1,352,274)	(2,304,384)
Other receipts (payments)	<u>(192,092)</u>	<u>747,555</u>
Net cash used for operating activities	<u>(232,931)</u>	<u>(848,118)</u>
Cash flows from noncapital financing activities:		
Transfers from the Revolving Fund	<u>-</u>	<u>1,554,309</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,554,309</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(243,624)</u>	<u>(1,984,836)</u>
Net cash used for capital and related financing activities	<u>(243,624)</u>	<u>(1,984,836)</u>
Cash flows from investing activities:		
Interest and other income received	<u>35,495</u>	<u>204,161</u>
Net cash provided by investing activities	<u>35,495</u>	<u>204,161</u>
Net change in cash	(441,060)	(1,074,484)
Cash at beginning of year	<u>2,260,373</u>	<u>3,334,857</u>
Cash at end of year	<u>\$ 1,819,313</u>	<u>\$ 2,260,373</u>
Reconciliation of operating loss assets to net cash used for operating activities:		
Operating loss	\$ (1,660,313)	\$ (4,066,214)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,562,819	1,743,930
Bad debts	18,737	-
(Increase) decrease in assets:		
Accounts receivable:		
Other	667	(2,615)
Tenants	(41,630)	14,397
HUD	-	-
Due from other funds	(60,722)	747,556
Interest	9	(1)
Inventories	(92,860)	98,270
Prepaid and other assets	(11,375)	-
Increase (decrease) in liabilities:		
Compensated absences	37,453	22,415
Accounts payable	1	-
HUD	1	-
Due to other funds	43,282	552,517
Accrued salaries and wages	26,498	13,558
Security deposits	(8,215)	1,269
Other liabilities	(54,834)	26,800
Deferred credits	<u>7,551</u>	<u>-</u>
Net cash used for operating activities	<u>\$ (232,931)</u>	<u>\$ (848,118)</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTARY INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

Statements of Net Position

September 30, 2013

(With comparative totals as of September 30, 2012)

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash:		
Unrestricted	\$ 107,725	\$ 3,479,875
Restricted - FSS escrow account	134,594	404,132
Restricted - other	1,476,420	-
Total cash	<u>1,718,739</u>	<u>3,884,007</u>
Accounts receivable:		
Tenants	96,405	79,634
HUD	-	59,037
Due from other funds	-	69
Interest	30	32
Other	17,593	40,290
Total accounts receivable	<u>114,028</u>	<u>179,062</u>
Prepaid expenses and other assets	7,149	-
Investments:		
Unrestricted	290,039	289,692
Restricted reserve fund	-	-
Total investments	<u>290,039</u>	<u>289,692</u>
Total current assets	<u>2,129,955</u>	<u>4,352,761</u>
Noncurrent assets:		
Capital Assets:		
Land, structures, and equipment	713,755	686,812
Accumulated depreciation	(617,456)	(573,672)
Total capital assets, net	<u>96,299</u>	<u>113,140</u>
Deferred assets	-	-
Total noncurrent assets	<u>96,299</u>	<u>113,140</u>
Total assets	<u>\$ 2,226,254</u>	<u>\$ 4,465,901</u>
<u>Liabilities and Net Position</u>		
Current Liabilities:		
Accounts payable	\$ 2,311	\$ 73,720
Accrued salaries and wages	34,823	30,766
Due to other funds	393,319	625,274
Compensated absences, current portion	25,758	11,995
Other current liabilities	137,049	174,759
Total current liabilities	<u>593,260</u>	<u>916,514</u>
Noncurrent Liabilities:		
Compensated absences, net of current portion	106,341	100,772
Other liabilities - sick leave	60,062	59,251
Total noncurrent liabilities	<u>166,403</u>	<u>160,023</u>
Total Liabilities	<u>759,663</u>	<u>1,076,537</u>
Net Position:		
Investment in capital assets, net of related debt	96,299	113,140
Restricted	1,476,420	3,022,368
Unrestricted	(106,128)	253,856
Total Net Position	<u>1,466,591</u>	<u>3,389,364</u>
Total Liabilities and Net Position	<u>\$ 2,226,254</u>	<u>\$ 4,465,901</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTARY INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2013
(With comparative totals for the year ended of September 30, 2012)

	2013	2012
Operating revenues:		
Housing assistance payments	\$ 33,326,040	\$ 35,028,743
Other income	-	-
Total operating revenues	33,326,040	35,028,743
Operating expenses:		
Housing assistance payments	33,221,541	33,042,007
Administrative salaries	1,048,849	1,044,431
Employee benefit contribution	396,099	365,259
Management fees	392,210	435,553
Bookkeeping fees	211,335	212,700
Office expense	154,524	170,728
Other administrative expenses	60,368	123,723
Bad debts	59,037	-
Depreciation	43,783	40,608
Professional fees	33,088	26,660
Compensated absences	20,142	55,929
Insurance	4,871	6,510
Advertising and marketing	3,393	3,483
Travel	2,256	20,255
Protective services	125	-
Total operating expenses	35,651,621	35,547,846
Operating loss	(2,325,581)	(519,103)
Non-operating revenues:		
Interest on operating reserve investments	683	873
Interest on general fund investments	3,501	4,326
Fraud recovery	63,497	29,901
Other income	335,127	282,024
Total non-operating revenues	402,808	317,124
Change in net position	(1,922,773)	(201,979)
Total net position, beginning of year	3,389,364	3,591,343
Total net position, end of year	\$ 1,466,591	\$ 3,389,364

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTARY INFORMATION
HOUSING ASSISTANCE PAYMENTS PROGRAM

Statements of Cash Flows
For the Year Ended September 30, 2013
(With comparative totals for the year ended of September 30, 2012)

	2013	2012
Cash flows from operating activities:		
Operating grants received	\$ 33,326,040	\$ 35,028,743
Assistance paid	(33,221,541)	(33,042,007)
Payments to suppliers	(1,541,457)	(2,974,695)
Payments to employees	(1,044,792)	(1,096,365)
Net cash used for operating activities	(2,481,750)	(2,084,324)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(26,943)	-
Net cash flows used for capital and related financing activities	(26,943)	-
Cash flows from investing activities:		
Interest income received	343,772	332,327
Decrease in restricted assets	(347)	345
Net cash provided by investing activities	343,425	332,672
Net decrease in cash	(2,165,268)	(1,751,652)
Cash at beginning of year	3,884,007	5,635,659
Cash at end of year	\$ 1,718,739	\$ 3,884,007
Unrestricted cash	\$ 107,725	\$ 3,479,875
Restricted cash - FSS escrow account	134,594	404,132
Restricted cash - Other	1,476,420	-
Total cash at end of year	\$ 1,718,739	\$ 3,884,007

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
SUPPLEMENTARY INFORMATION
HOUSING ASSISTANCE PAYMENTS PROGRAM

Statements of Cash Flows, Continued
For the Year Ended September 30, 2013
(With comparative totals for the year ended of September 30, 2012)

	2013	2012
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (2,325,581)	\$ (519,103)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	43,783	40,608
Bad debts	59,037	-
(Increase) decrease in assets:		
Accounts receivable:		
Tenants	(16,771)	47,581
HUD	59,037	(59,037)
Due from other funds	69	(69)
Interest	2	-
Other	22,697	60,717
Prepaid expenses and other assets	(7,149)	9,089
Increase (decrease) in liabilities:		
Accounts payable:		
Accounts payable	(71,409)	5,360
Accrued salaries and wages	4,057	-
Compensated absences and sick leave	20,143	18,871
Due to other funds	(231,955)	(1,518,444)
Other current liabilities	(37,710)	(169,897)
Net cash used for operating activities	\$ (2,481,750)	\$ (2,084,324)

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