

**GUAM HOUSING AND
URBAN RENEWAL AUTHORITY**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

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

I have audited the financial statements of Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2011, and have issued my report thereon dated March 28, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing the audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Authority's internal control over financial reporting.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated March 28, 2012.

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

This report is intended solely for the information of the Board of Commissioners and management of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be used by anyone other than the specified users. However, this report is also a matter of public record.


Hagåtña, Guam
March 28, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

The Board of Commissioners
Guam Housing and Urban Renewal Authority:

Compliance

I have audited the compliance of the Guam Housing and Urban Renewal Authority (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2011. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. My responsibility is to express an opinion on the Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Authority's compliance with those requirements.

In my opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are discussed in the accompanying schedule of findings and questioned costs as findings 2011-1 through 2011-3.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance 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 the Authority'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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be 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.


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 items number 2011-01 through 2011-03 to be significant deficiencies.

The Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Authority's responses and, accordingly, I express no opinion on the responses.

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of the Authority as of and for the year ended September 30, 2011, and have issued my report thereon dated March 28, 2012. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures and federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information of the Board of Commissioners and management of the Guam Housing and Urban Renewal Authority, the Office of the Public Accountability – Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is also a matter of public record.


Hagåtña, Guam
March 28, 2012

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2011

<u>CFDA#</u>	<u>AGENCY/PROGRAM</u>	<u>2011 Fiscal Year Expenditures</u>
Direct Grants:		
<u>U. S. Department of Housing and Urban Development (HUD)</u>		
14.157	Supportive Housing for the Elderly	\$ 480,587
14.225	Community Development Block Grants/Special Purpose Grants/Insular Area	2,813,895 *
14.254	ARRA – Community Development Block Grants/Special Purpose Grants/Insular Area	32,129
14.231	Emergency Shelter Grants Program	107,184
14.235	Supportive Housing Program	538,208
14.238	Shelter Plus Care Program	298,176
14.239	HOME Investment Partnerships	1,207,896
14.256	Neighborhood Stabilization Program	-
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program	454,551
14.850	Public and Indian Housing	3,956,012 *
14.870	Resident Opportunity and Supportive Services	4,058
14.871	Section 8 Housing Choice Vouchers	35,200,988 *
14.872	Public Housing Capital Fund Program	<u>2,327,928 *</u>
	Total HUD Program Award Expenditures	<u>\$ 47,421,612</u>
Passed through the Government of Guam Department of Administration:		
<u>U. S. Department of Agriculture</u>		
10.500	Cooperative Extension Service	1,493
<u>U. S. Department of the Interior</u>		
15.875	Economic, Social and Political Development of the Territories – Compact Impact	2,244,377 *
<u>U. S. Department of Energy</u>		
81.042	ARRA – Weatherization Assistance for Low-Income Persons	495,690
<u>U. S. Department of Health and Human Services</u>		
93.224	ARRA – Health Care and Other Facilities Program	<u>145,647</u>
	Total Expenditures of Federal Awards Subject to OMB Circular A-133 Testing	<u>\$ 50,308,819</u>
	Percentage of Federal Awards Tested	<u>93%</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, 2011

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, U.S. Department of Energy and the U.S. Department of Health and Human Services.

During fiscal year 2011, the Authority received and expended \$19,446,645 in *Grants to States for Low-Income Housing in Lieu of Housing Credits for 2009* under Section 1602 of the American Recovery and Reinvestment Act of 2009 from the U.S. Department of the Treasury. Pursuant to the U.S. Department of the Treasury, the Section 1602 program, as a program in lieu of tax credits, is not subject to OMB Circular A-133 and are not considered federal financial assistance. Therefore, this program was not considered in the determination of major programs for Single Audit.

Note 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, 2011, 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 2011 Expenditures</u>
CFDA #14.254	\$ 2,851,151	\$ 32,129
CFDA #12.257	1,221,922	454,551
CFDA #81.042	1,123,466	495,690
CFDA #93.224	<u>145,647</u>	<u>145,647</u>
Total	<u>\$ 5,342,186</u>	<u>\$ 1,128,017</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2011

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	\$ 375,631
Supportive Housing Program	14.235	532,582
Emergency Shelter Grants Program	14.231	109,484
Shelter Plus Care Program	14.238	118,809
ARRA – Homeless Prevention Program	14.257	<u>440,758</u>
Total		<u>\$ 1,577,264</u>

GUAM

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

SAIPAN

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

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

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, 2011 and have issued my report thereon dated March 28, 2012.

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, 2011.

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 28, 2012

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses were identified? _____ 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? _____ yes x no

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

The auditor’s report on major program compliance for the Authority having five major programs included an unqualified opinion all programs.

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, 2011

PART I – SUMMARY OF AUDITOR’S RESULTS, continued

The Authority’s major programs are as follows:

<u>CFDA#</u>	<u>PROGRAM</u>
14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Voucher Program (HCV)
14.872	Public Housing Capital Fund Project
15.875	Economic, Social and Political Development of the Territories – Compact Impact

Dollar threshold used to distinguish between type A and type B programs: \$1,509,265

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

PART II – FINANCIAL STATEMENT FINDINGS

There were no instances of noncompliance noted that should be reported in accordance with *Government Auditing Standards*.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were instances of noncompliance noted that should be reported in accordance with Section 510(a) of OMB Circular A-133, which are presented in the following pages as item 2011-01 through 2011-03.

<u>Reference Number</u>	<u>CFDA #</u>	<u>Findings</u>	<u>Questioned Costs</u>
2011-1	14.850	Eligibility	\$ -
2011-2	14.871	Eligibility	-
2011-3	14.850	Reporting	-
2011-3	14.871	Reporting	-
2011-3	14.872	Reporting	-
			<hr/>
Total Questioned Costs			<u><u>\$ -</u></u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011-1
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Criteria:

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

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

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

Condition:

For 17 or 42% of the 40 files tested, we noted that a Police Clearance was not obtained for the following households:

- | | |
|------------|-------------|
| 1. 21AVDP | 10. D01 |
| 2. 3BABAS | 11. 26BPAQ |
| 3. 20JCR | 12. 19JPM |
| 4. 76MAO | 13. D30 |
| 5. 81MAO | 14. 18BRDB8 |
| 6. 6BDAM | 15. 32JPM |
| 7. 18CRDB8 | 16. 27JPM |
| 8. 16RSSA | 17. D30 |
| 9. 15ARDC8 | |

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011-1, Continued
CFDA Program: 14.850 – Public and Indian Housing
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Condition: (continued)

Based on review of the tenant file for Unit # 32JPM, a prior year police clearance was obtained May 27, 2010 indicating a prior arrest of a household member. The Authority requested a police clearance report on March 11, 2011; however, it was on file for independent verification.

Cause:

Police clearances were requested; however, responses were not received in a timely manner.

Effect:

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

Recommendation:

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

Auditee Response/Corrective Action Plan:

We agree with this finding. It is in GHURA's in-take policy and processing procedures to request for police clearances from the Guam Police Department (GPD) prior to admission. Efforts to correct the problem within GPD have been addressed. A memorandum of understanding (MOU) between the GPD and GHURA has been updated to improve collaborative efforts that would ensure police clearances are processed in a timely manner. The responsible parties for addressing this finding are the Property Site Managers and Housing Specialists.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011-2
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Criteria:

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

Condition:

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

- | | | |
|------------|---------------|-------------|
| 1. 08-0105 | 6. 07-0111 | 11. 03-0279 |
| 2. 08-0302 | 7. 07-0211 | 12. 06-0055 |
| 3. 07-0288 | 8. 06-0058 | 13. 04-0029 |
| 4. 05-0270 | 9. 04-0189 | 14. 06-0301 |
| 5. 07-0239 | 10. 07-0003VT | |

Cause:

Police clearances were requested; however, responses were not received in a timely manner.

Effect:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011-2, Continued
CFDA Program: 14.871 – Section 8 Housing Choice Voucher Program (HCV)
Area: Eligibility – Criminal Activity
Questioned Costs: \$0

Recommendation:

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

Auditee Response/Corrective Action Plan:

We agree with this finding. Although it is in GHURA's in-take policy and processing procedure to request for police clearances from the Guam Police Department prior to admission, there is no current procedure to properly track requested police clearances.

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

The responsible parties for addressing this finding are the Section 8 Administrator and the Housing Specialist Supervisors.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011 – 03
CFDA Program: 14.850 Public and Indian Housing
14.871 Section 8 HCV
14.872 Public Housing Capital Fund Project
Area: Reporting – Financial Data Schedule
Questioned Costs: \$0

Criteria:

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

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

Condition:

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

Cause:

The Authority was unable to close its books and prepare financial statements in a timely manner.

Effect:

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs Year Ended September 30, 2011

Finding No.: 2011 – 03, Continued
CFDA Program: 14.850 Public and Indian Housing
14.871 Section 8 HCV
14.872 Public Housing Capital Fund Project
Area: Reporting – Financial Data Schedule
Questioned Costs: \$0

Prior Year Status:

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

Recommendation:

The Authority should recruit qualified accountants to fill vacant positions to assist the Fiscal Division. Additionally, the Authority should review and evaluate the Fiscal Division's processes to streamline and simplify its month-end closing procedures. Standard operating policies and procedures should be developed and implemented to facilitate and ease month-end and year-end closing procedures to ensure that all accounting transactions are recorded and financial statements are prepared in a timely manner.

Auditee Response and Corrective Action Plan:

We agree with this finding. Unfortunately, critical positions in the Fiscal Division were vacant for significant periods of time during the year. The Accountant III position was vacant for 8.5 months during the fiscal year while the Accountant II position has been virtually vacant since May 2011 to the present time. We are working to ensure that these key upper level Accountant positions are budgeted and filled, which were hindrances during the 2011 fiscal year 2011.

We are streamlining our processes to maximize available resources to ensure that closings are on a timely basis (monthly). Staff will be continuously monitored through a monthly checklist that will facilitate in meeting closing deadlines and the FDS year-end reporting timelines.

The responsible parties for addressing this finding are the Controller and Deputy Controller.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings Year Ended September 30, 2011

Audit Finding

- 2010 – 01 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. 2011 – 03.
- 2010 – 02 This finding is considered resolved.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary of Unresolved Questioned Costs Year Ended September 30, 2011

	<u>Beginning Questioned Costs</u>	<u>Costs Allowed</u>	<u>Costs Disallowed</u>	<u>Unresolved Questioned Costs</u>
FY 2011 Questioned costs	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total unresolved questioned costs at September 30, 2011	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

Note 1: The Authority did not have any unresolved Questioned Costs as of September 30, 2011.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2011

Finding No. 2010 – 01
Programs: Section 8 HCV, Public and Indian Housing, Public Housing Capital Fund Project,
ARRA – Formula Capital Fund Stimulus

Condition:

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

Corrective Action Stated and Taken:

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

Responsible Party:

Controller and Deputy Controller

Current Status:

Corrective action has not been fully implemented.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action Federal Award Findings and Questioned Costs September 30, 2011

Finding No. 2010 – 02
Program: Financial Accounting System

Condition:

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

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

Corrective Action Stated and Taken:

The Fiscal and MIS Division will work together to ensure that the Financial Accounting System generates the necessary reports to meet all financial reporting in a timely manner. Existing and new accounting personnel are required to attend at least 16 credit hours of continuing professional education courses in governmental and financial accounting every year. A checklist has been developed to month-end and year-end closing procedures and requirements.

Responsible Party:

Controller; Deputy Controller

Current Status:

Corrective action has been taken; however, the Authority may have future challenges if it continues to experience staff turnover in the Fiscal Division.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Supplementary Information

Schedule of Salaries, Wages and Benefits

For the Year Ended September 30, 2011
(With comparative totals for the year ended September 30, 2010)

	<u>2011</u>	<u>2010</u>
Salaries	\$ 3,166,643	\$ 3,992,849
Retirement benefits	1,127,858	1,024,761
Benefits other than retirement	347,007	262,524
Overtime pay	<u>105,924</u>	<u>79,079</u>
Total salaries, wages and benefits	<u>\$ 5,747,433</u>	<u>\$ 5,359,213</u>
Employees at end of year	<u>116</u>	<u>115</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, 2011 and 2010.

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Net Assets

September 30, 2011

(With comparative totals as of September 30, 2010)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Accounts Receivable - HUD	\$ 230,950	\$ 626,021
Prepaid and other assets	<u>1,327</u>	<u>1,691</u>
Total current assets	232,277	627,712
Capital assets, net	<u>9,115</u>	<u>39,905</u>
Total Assets	<u><u>\$ 241,392</u></u>	<u><u>\$ 667,617</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,978	\$ 1,378
Due to other funds	121,496	484,714
Accrued salaries and wages	-	9,314
Compensated absences - current	1,946	3,959
Deferred revenues	<u>10,087</u>	<u>17,578</u>
Total current liabilities	135,507	516,943
Non-current liabilities:		
Compensated absences - noncurrent	<u>96,770</u>	<u>110,169</u>
Total non-current liabilities	<u>96,770</u>	<u>110,169</u>
Total liabilities	232,277	627,112
Net Assets:		
Invested in capital assets, net of related debt	9,115	39,905
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total net assets	<u>9,115</u>	<u>39,905</u>
Total Liabilities and Net Assets	<u><u>\$ 241,392</u></u>	<u><u>\$ 667,017</u></u>

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Revenues, Expenses and Changes in Net Assets
September 30, 2011

(With comparative totals as of September 30, 2010)

	2011	2010
Revenues:		
Federal contributions	\$ 2,813,895	\$ 4,287,202
Other	4,510	4,904
Total Revenues	2,818,405	4,292,106
Operating expenses:		
Repairs and maintenance	1,579,799	3,026,140
Other	430,277	475,054
Administrative salaries	533,889	464,361
Employee benefits	188,601	144,333
Management fees	-	61,750
Professional fees	12,436	13,272
Advertising and marketing	9,380	10,236
Depreciation	-	6,921
Office expense	72,182	56,569
Travel	4,793	5,925
Compensated absences	(15,412)	31,393
Insurance	2,460	3,073
Protective services	-	-
Total operating expenses	2,818,405	4,299,027
Operating loss	-	(6,921)
Non-operating revenues:		
Other income	115,960	-
Other expense	(146,750)	-
Total non-operating revenues (expense), net	(30,790)	-
Change in net assets	(30,790)	(6,921)
Total net assets, beginning of year	39,905	46,826
Total net assets, end of year	\$ 9,115	\$ 39,905

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT

Statement of Cash Flows

September 30, 2011

(With comparative totals as of September 30, 2010)

	2011	2010
Cash flows from operating activities:		
Cash flows from operating activities:	\$ 3,151,173	\$ 4,290,662
Operating grants received	4,510	4,904
Receipts from customers	(2,627,892)	(3,804,387)
Payments to suppliers	(527,791)	(491,179)
Net cash provided by (used in) operating activities	-	-
Cash flows from capital and related financing activities:		
Acquisition of fixed assets	-	-
Net cash used in capital and related financing activities	-	-
Cash flows from investing activities:		
Increase in investments	-	-
Net cash provided by (used in) investing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning year	-	-
Cash and cash equivalents at end of year	\$ -	\$ -
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ -	\$ (6,921)
Adjustments to reconcile net loss to net cash provided by (used) operating activities:		
Depreciation	-	6,921
(Increase) decrease in assets:		
Accounts receivable - HUD	395,071	8,819
Prepaid and other assets	364	(522)
Increase (decrease) in liabilities:		
Accounts payable	-	(118,022)
Compensated absences	(15,412)	31,393
Due to other funds	(363,218)	81,736
Accrued salaries and wages	(9,314)	1,955
Deferred revenues	(7,491)	(5,359)
Net cash provided by (used in) operating activities	\$ -	\$ -

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

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

LOW INCOME PUBLIC HOUSING

Statement of Net Assets

September 30, 2011

(With comparative totals as of September 30, 2010)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash:		
Cash - General Fund	\$ 3,334,857	\$ 25,085
Restricted Cash - FSS Escrow	-	-
Restricted Cash - other	-	-
Total cash	<u>3,334,857</u>	<u>25,085</u>
Accounts receivable:		
Tenants	42,062	33,391
Promissory notes	1,471	254
HUD	812	(37,819)
Due from other programs	5,903,331	7,839,526
Interest	<u>134</u>	<u>342</u>
	5,947,810	7,835,694
Allowance for doubtful accounts	<u>(30,366)</u>	<u>(5,340)</u>
Total accounts receivable	<u>5,917,444</u>	<u>7,830,354</u>
Inventories	<u>233,263</u>	<u>185,293</u>
Investments:		
General fund	1,016,729	1,014,527
Restricted - security deposits	<u>183,593</u>	<u>183,196</u>
Total investments	<u>1,200,322</u>	<u>1,197,723</u>
Prepaid and other current assets	<u>32,229</u>	<u>26,767</u>
Total current assets	<u>10,718,115</u>	<u>9,265,222</u>
Noncurrent assets:		
Capital assets:		
Land	2,130,777	2,130,777
Infrastructure	651,548	651,548
Buildings and improvements, at cost	71,530,778	71,505,111
Furniture and equipment, at cost	2,117,812	2,089,137
Accumulated depreciation	<u>(58,801,072)</u>	<u>(56,856,519)</u>
Net capital assets	<u>17,629,843</u>	<u>19,520,054</u>
Total assets	<u>\$ 28,347,958</u>	<u>\$ 28,785,276</u>

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

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

LOW INCOME PUBLIC HOUSING

Statement of Net Assets, Continued
September 30, 2011
(With comparative totals as of September 30, 2010)

<u>LIABILITIES AND NET ASSETS</u>	<u>2011</u>	<u>2010</u>
Liabilities:		
Payable to HUD	\$ 38,631	\$ -
Tenant security deposits	128,081	118,234
Due to other funds	500,915	145,498
Accrued salaries and wages	26,301	23,006
Compensated absences, current portion	4,733	13,338
Other current liabilities	916	916
Accrued liabilities	<u>84,704</u>	<u>54,834</u>
Total accounts payable	784,281	355,826
Deferred credits	<u>(13,954)</u>	<u>(12,216)</u>
Total current liabilities	<u>770,327</u>	<u>343,610</u>
Noncurrent liabilities:		
Compensated absences, net of current portion	104,139	114,394
Other - sick leave, net of current portion	<u>52,654</u>	<u>91,162</u>
Total noncurrent liabilities	<u>156,793</u>	<u>205,556</u>
Total liabilities	<u>927,120</u>	<u>549,166</u>
Net assets:		
Invested in capital assets, net of related debt	17,629,843	19,520,054
Restricted	183,593	183,196
Unrestricted	<u>9,607,402</u>	<u>8,532,860</u>
Total net assets	<u>27,420,838</u>	<u>28,236,110</u>
Total liabilities and net assets	<u>\$ 28,347,958</u>	<u>\$ 28,785,276</u>

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

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

LOW INCOME PUBLIC HOUSING

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2011
(With comparative totals as of September 30, 2010)

	2011	2010
Operating revenues:		
HUD PHA Operating Grants	\$ 3,956,012	\$ 4,593,801
Tenant rental income	368,667	414,777
Other income	127,075	82,811
Total operating revenues	4,451,754	5,091,389
Operating expenses:		
Depreciation	1,944,553	2,272,402
Management fees	514,898	494,077
Ordinary maintenance - salaries	509,302	389,813
Administrative salaries	374,366	332,861
Ordinary repairs and maintenance	334,996	331,022
Tenant services - salaries	286,772	253,220
Other administrative expenses	192,002	262,288
Insurance	171,281	177,627
Employee benefits - ordinary maintenance	165,812	122,835
Utilities	149,936	143,879
Employee benefits - administrative	133,982	110,363
Offices supplies	120,566	131,538
Employee benefits - tenant services	106,093	87,841
Bad debts	97,935	(22,681)
Asset management fees	90,000	90,000
Bookkeeping fees	66,570	65,827
Protective services	44,740	38,062
Payments in-lieu of taxes	29,870	30,041
Legal and professional fees	11,495	9,308
Advertising and marketing	4,442	6,326
Travel	-	3,026
Compensated absences	(57,368)	76,959
Total operating expenses	5,292,243	5,406,634
Operating loss	(840,489)	(315,245)
Non-operating revenues:		
Interest on general fund investments	1,689	7,572
Other income	23,528	13,741
Total non-operating revenues	25,217	21,313
Changes in net assets	(815,272)	(293,932)
Total net assets, beginning of year	28,236,110	28,530,042
Total net assets, end of year	\$ 27,420,838	\$ 28,236,110

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

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

LOW INCOME PUBLIC HOUSING

Statement of Cash Flows
For the Year Ended September 30, 2011
(With comparative totals as of September 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Operating grants received	\$ 3,953,740	\$ 4,587,766
Receipts from customers	495,775	465,752
Payments to suppliers	(1,804,296)	(4,018,483)
Payments to employees	<u>(1,176,370)</u>	<u>(969,492)</u>
Net cash provided by (used in) operating activities	<u>1,468,849</u>	<u>65,543</u>
Cash flows from noncapital financing activities:		
Transfers from the Revolving Fund	<u>1,869,974</u>	<u>-</u>
Net cash used in noncapital financing activities	<u>1,869,974</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of fixed assets	<u>(54,342)</u>	<u>(82,852)</u>
Net cash used in capital and related financing activities	<u>(54,342)</u>	<u>(82,852)</u>
Cash flows from investing activities:		
Interest and other income received	<u>25,291</u>	<u>21,313</u>
Net cash used in investing activities	<u>25,291</u>	<u>21,313</u>
Net increase in cash and cash equivalents	3,309,772	4,004
Cash and cash equivalents at beginning of year	<u>25,085</u>	<u>21,081</u>
Cash and cash equivalents at end of year	<u>\$ 3,334,857</u>	<u>\$ 25,085</u>
Reconciliation of operating loss assets to net cash provided by operating activities:		
Operating loss	\$ (840,489)	\$ (315,245)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,944,553	2,272,402
Bad debts	97,935	(22,681)
(Increase) decrease in assets:		
Accounts receivable:		
Promissory notes	(1,217)	(245)
Tenants	(8,671)	(36,225)
HUD	(532)	6,181
Due from other funds	-	(1,813,070)
Interest	74	-
Inventories	(47,970)	8,671
Prepaid and other assets	(5,462)	12,146
Increase (decrease) in liabilities:		
Compensated absences	(66,593)	76,960
Accounts payable - HUD	532	(532)
Due to other funds	355,417	(151,679)
Accrued salaries and wages	3,295	6,401
Security deposits	9,847	4,634
Accrued liabilities	-	30,041
Other liabilities	29,870	-
Deferred credits	<u>(1,740)</u>	<u>(12,216)</u>
Net cash provided by operating activities	<u>\$ 1,468,849</u>	<u>\$ 65,543</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Net Assets

September 30, 2011

(With comparative totals as of September 30, 2010)

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash:		
Unrestricted	\$ 4,646,010	\$ 2,893,117
Restricted - FSS escrow account	989,649	362,638
Total cash	<u>5,635,659</u>	<u>3,255,755</u>
Accounts receivable:		
Tenants	127,215	-
Due from other funds	-	(2,211)
Interest	32	82
Other	101,007	211,368
Total accounts receivable	<u>228,254</u>	<u>209,239</u>
Prepaid expenses and other assets	<u>9,089</u>	<u>2,789</u>
Investments:		
Unrestricted	289,347	2,063,473
Restricted reserve fund	-	3,109,485
Total investments	<u>289,347</u>	<u>5,172,958</u>
Total current assets	<u>6,162,349</u>	<u>8,640,741</u>
Noncurrent assets:		
Capital Assets:		
Land, structures, and equipment	653,117	653,507
Accumulated depreciation	(542,498)	(503,571)
Total capital assets, net	110,619	149,936
Deferred assets	<u>37,056</u>	<u>37,056</u>
Total noncurrent assets	<u>147,675</u>	<u>186,992</u>
Total assets	<u>\$ 6,310,024</u>	<u>\$ 8,827,733</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Accounts payable	\$ 51,754	\$ 51,754
Accrued salaries and wages	25,406	21,461
Due to other funds	2,143,718	4,576,560
Compensated absences, current portion	3,480	9,068
Other current liabilities	344,656	356,276
Total current liabilities	<u>2,569,014</u>	<u>5,015,119</u>
Noncurrent Liabilities:		
Compensated absences, net of current portion	95,440	101,923
Other liabilities - sick leave	54,227	50,657
Total noncurrent liabilities	<u>149,667</u>	<u>152,580</u>
Total Liabilities	<u>2,718,681</u>	<u>5,167,699</u>
Net Assets:		
Invested in capital assets, net of related debt	110,619	149,936
Restricted	3,095,707	3,109,485
Unrestricted	385,017	400,613
Total Net Assets	<u>3,591,343</u>	<u>3,660,034</u>
Total Liabilities and Net Assets	<u>\$ 6,310,024</u>	<u>\$ 8,827,733</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Revenues, Expenses and Changes in Net Assets

For the Year Ended September 30, 2011

(With comparative totals for the year ended of September 30, 2010)

	2011	2010
Operating revenues:		
Housing Assistance Payments	\$ 35,200,988	\$ 35,487,619
Other income	-	-
Total operating revenues	35,200,988	35,487,619
Operating expenses:		
Housing assistance payments	32,935,455	32,670,091
Administrative salaries	1,022,943	1,063,706
Other administrative expenses	130,114	816,628
Management fees	495,160	521,710
Employee benefit contribution	364,814	332,214
Bookkeeping fees	216,997	219,878
Office expense	177,035	97,002
Bad debts	-	44,958
Professional fees	30,143	34,592
Travel	-	25,655
Utilities	-	23,716
Depreciation	38,927	23,609
Compensated absences	(8,501)	18,097
Insurance	6,103	8,731
Repairs and maintenance	-	1,580
Advertising and marketing	576	602
Protective Services	-	120
Total operating expenses	35,409,766	35,902,889
Operating loss	(208,778)	(415,270)
Non-operating revenues:		
Interest on operating reserve investments	2,251	24,736
Interest on general fund investments	12,181	274,646
Fraud recovery	64,847	119,972
Other income	60,808	24,174
Total non-operating revenues	140,087	443,528
Change in net assets	(68,691)	28,258
Total net assets, beginning of year	3,660,034	3,631,776
Total net assets, end of year	\$ 3,591,343	\$ 3,660,034

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Cash Flows

For the Year Ended September 30, 2011

(With comparative totals for the year ended of September 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Operating grants received	\$ 35,200,988	\$ 35,487,619
Assistance paid	(32,935,455)	(32,670,091)
Payments to suppliers	(3,899,270)	(1,607,984)
Payments to employees	<u>(1,010,447)</u>	<u>(1,077,943)</u>
Net cash provided by (used in) operating activities	<u>(2,644,184)</u>	<u>131,601</u>
Cash flows from capital and related financing activities:		
Fixed asset acquisitions, net	<u>390</u>	<u>(106,943)</u>
Net cash flows used for capital and related financing activities	<u>390</u>	<u>(106,943)</u>
Cash flows from investing activities:		
Interest income received	140,087	458,970
Increase (decrease) in restricted assets	<u>4,883,611</u>	<u>(41,000)</u>
Net cash provided by investing activities	<u>5,023,698</u>	<u>417,970</u>
Net decrease in cash and cash equivalents	2,379,904	442,628
Cash and cash equivalents at beginning of year	<u>3,255,755</u>	<u>2,813,127</u>
Cash and cash equivalents at end of year	<u>\$ 5,635,659</u>	<u>\$ 3,255,755</u>
Unrestricted cash	\$ 4,646,010	\$ 2,349,331
Restricted cash	<u>989,649</u>	<u>906,424</u>
Total cash and cash equivalents at end of year	<u>\$ 5,635,659</u>	<u>\$ 3,255,755</u>

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

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SUPPLEMENTAL INFORMATION

HOUSING ASSISTANCE PAYMENTS PROGRAM

CFDA NO. 14.856, 14.857, and 14.871

Statements of Cash Flows, Continued

For the Year Ended September 30, 2011

(With comparative totals for the year ended of September 30, 2010)

	2011	2010
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (208,778)	\$ (415,270)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,927	23,609
Bad debts	-	44,958
(Increase) decrease in assets:		
Accounts receivable:		
Tenants	(127,215)	-
Due from other funds	18,719	3,611
Interest	50	-
Other	110,361	13,621
Prepaid expenses and other assets	(6,300)	2,509
Increase (decrease) in liabilities:		
Accounts payable:		
Due to HUD	-	(405,634)
Accrued salaries and wages	3,945	3,860
Compensated absences and sick leave	(8,501)	18,098
Due to other funds	(2,453,772)	855,851
Other current liabilities	(11,620)	(13,612)
Net cash provided by operating activities	\$ (2,644,184)	\$ 131,601

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