

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

**(A COMPONENT UNIT OF THE
GOVERNMENT OF GUAM)**

**FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Years Ended September 30, 2020 and 2019
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2020 and 2019, the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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. Those standards require that we plan and perform the audits 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHURA as of September 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

COVID-19

As discussed in Note 2 to the financial statements, GHURA determined that the COVID-19 pandemic may negatively impact its business, results of operations and financial position. However, due to uncertainty surrounding the duration, GHURA is unable to reasonably estimate its ultimate financial impact.

Our opinion is not modified with respect to this matter.

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 23 as well as the Schedules of Proportionate Share of the Net Pension Liability on pages 59 through 61, the Schedule of Pension Contributions on page 62, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 63, the Schedule of the Proportionate Share of the Total OPEB Liability on page 64 and the Schedule of OPEB Employer Contributions on page 65 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

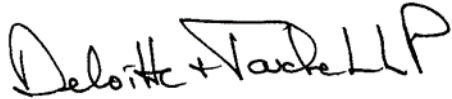
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position and of revenues, expenses and changes in net position on pages 67 through 74 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statements of net position and of revenues, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 our opinion, the combining statements of net position and of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of salaries, wages and benefits on page 66 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of GHURA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GHURA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GHURA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, flowing style.

March 30, 2021

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

Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

As the management of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam (GovGuam), we offer readers of this narrative overview and analysis of the financial activities of GHURA for the years ended September 30, 2020 and 2019.

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 98 Full Time Equivalents) 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.

Overview of the Financial Statements

The management discussion and analysis is intended to serve as an introduction to GHURA's basic financial statements. GHURA'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

GHURA-wide financial statements are designed to provide readers with a broad overview of GHURA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of GHURA's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. The Statement of Net Position reports all financial and capital resources for GHURA. The statement is presented in the format where assets, minus liabilities, equal "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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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 is 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".

GHURA-wide financial statements also include a Statement of Revenues, Expenses and Changes in 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 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.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is 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. GHURA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. GHURA 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.

GHURA's 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). The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) GHURA's flat rent amount.

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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 Talofofo and Talofofo 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 Property Site Manager directly responsible for their respective property management activities. Collectively, each individual AMP’s property management activities include budgeting, oversight and monitoring of daily operations, overall maintenance of rental units, and the upkeep of common areas within their respective developments. In addition, each AMP also has asset management responsibilities that include short- and long-term capital improvement planning, review of finances, monitoring fixed assets and consumable stock, regulatory compliance, and planning for the long-term sustainability of the program. Property Site 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, thus, expanding the viability of the public housing program over a long-term period. 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.

As noted in the chart below, each AMP operates their own Site Base Waiting List. Below is a breakdown of the number of applicants for each bedroom size. There are currently 2,587 applications on hand.

Wait List (No. of applicants by bedroom size)

	1	2	3	4	5	6
AMP1	277	357	208	78	26	0
AMP2	16	334	154	91	32	4
AMP3	1	131	139	58	26	0
AMP4	136	173	242	76	28	0

GHURA 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.

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Management’s Discussion and Analysis
Years Ended September 30, 2020 and 2019

The chart below reflects the diversity of families within our developments.

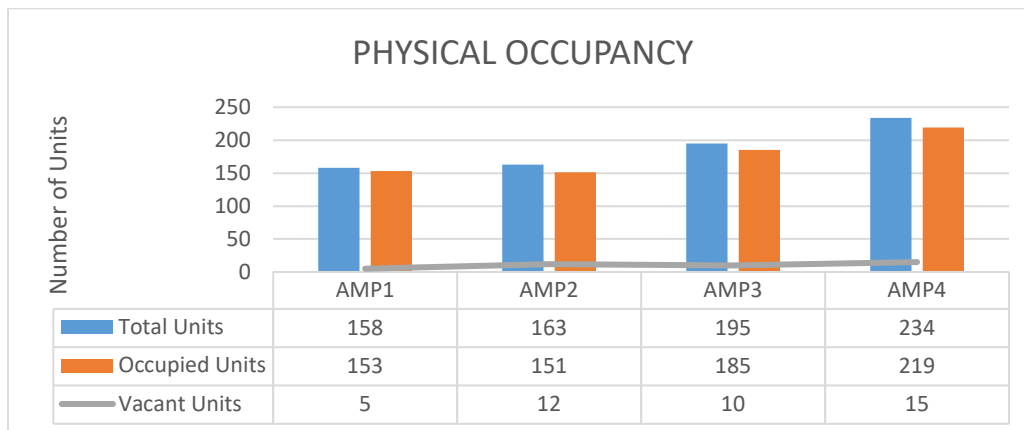
Head of Household Nationality (By birthplace only)

	AMP1	AMP2	AMP3	AMP4
CHUUK	47	62	52	53
FSM	1	2	2	2
GUAM	64	61	87	88
JAPAN	1	0	1	1
KOREA	1	1	4	4
MARSHALL ISL.	2	1	1	2
N MARIANAS	1	2	0	1
PALAU	2	0	0	4
PHILIPPINES	4	1	13	13
POHNPEI	0	1	6	2
SAIPAN	11	9	6	6
SAMOA	0	1	0	0
TINIAN	0	1	0	0
U.S.	8	2	7	11
YAP	0	1	1	1
OTHER	1	0	0	0
NOT LISTED	10	6	5	31
	153	151	185	219

GHURA is a “Standard Performer” under HUD’s Interim Public Assessment System (PHAS).

PHAS INDICATOR	ORIGINAL SCORE	MAXIMUM SCORE
Physical	30	40
Financial - Late Penalty Point	24	25
Management	19	25
Capital Fund	7	10
PHAS TOTAL SCORE	80	100

At the end of FY 2020, GHURA had 708 units occupied with 94.4% occupancy rate and an adjusted rate of 97% with 21 units under modernization. For the fiscal year ended September 30, 2020, GHURA received \$5.8 million in Operating Subsidy funds.



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Capital Fund Program

In order to maintain its public housing inventory as a safe and habitable source of affordable housing, GHURA develops an annual Capital Improvement Plan. Through the Capital Fund Program, GHURA receives an annual formula grant of approximately \$2.4 million (based on the most recent grant) to implement such plan.

HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by GHURA. The funds are used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on GHURA's dwelling units to keep them clean, safe, and in good condition. A portion of the funds may also be used to support operations and to make improvements in the management and operation of GHURA.

THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (HCV)

In 2020, the Section 8 Housing Choice Voucher Program had to cope with the paramount challenge of trying to meet its mission during the midst of a pandemic. GHURA's operation was disrupted by the COVID-19 pandemic that resulted in two subsequent shut down and government restrictions that continued onto FY2021. The outbreak of the COVID-19 virus forced two island-wide shut down, the first in March through May and then in late August to the end of September. The agency had to implement new policies and procedures necessary to continue assisting families. During the initial shutdown, only a few essential staffs were permitted to come to work to ensure rental assistance payments were made to respective landlords in a timely manner. As restrictions slowly eased in May, the Section 8 Program operated by appointments only; utilizing the postal mail system, a drop box, telephonic and electronic email as a means of communication with its clients. The Section 8 Program also implemented some key HUD waivers and alternative measures that would ensure families are provided continued assistance. These measures include the following:

- **Moratorium on evictions** for non-payment of rent: No Section 8 family may be evicted for non-payment of monthly rent. Section 8 families with loss wages. The non-eviction moratorium ends March 31, 2021.
- **Family Income annual and interim re-examinations:** GHURA was permitted to adopt waivers to delay annual re-exams, prioritizing processing of interim changes, and utilize self-certifications in place of third-party verifications. This modification ends June 30, 2021.
- **Housing Quality Standards Inspections:** It is a statutory requirement for PHAs to ensure the unit is physically inspected to ensure it meets Housing Quality Standards prior to approving tenancy and releasing housing assistance payments. During the pandemic, GHURA implement the following measures to comply with the Government of Guam imposed restrictions:
 - *Non-life threatening* – GHURA adopted HUD's recommendation to waive the requirement of withholding payment if NLT repairs are not made within the required 30 days. GHURA may provide an additional 30 days extension and if repairs are not completed by the extended date, GHURA must withhold payment.
 - *Initial Inspections* – GHURA adopted HUD's recommendation to implement an alternative to an actual physical inspection before executing a contract or releasing housing assistance payment. In place of a physical inspection, GHURA accepted self-certification from the owner that the unit is in safe, decent, sanitary and in good repair. When restrictions are lifted and it is reasonably safe, an actual Housing Quality Inspection will be performed on all self-certified units.

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- *Biennial Inspections* – HUD approved the delay of biennial inspections until it is reasonably safe for GHURA to perform the physical inspection.
- PBV Turnover inspection – HUD approved the delay of this requirement, but must perform a HQS inspection as soon as possible, not to exceed one-year.
- *HQS Quality Control Inspections* – HUD waived this requirement up to June 30, 2021.
- **Family Self-Sufficiency Contract of Participation:** 24 CFR 984.303(d) authorizes GHURA to extend a family's contract of participation for a period not to exceed two years for good cause. HUD determines that the circumstances surrounding COVID-19 pandemic qualifies as "good cause" and to grant an extension of a family's CoP.
- **Oral Briefings:** When a family is selected for admission into the Section 8 HCV Program, it is required for the family to attend an oral briefing. GHURA adopted the HUD recommendation to waive this requirement. To ensure the family is briefed on the program, families are provided a handbook, which explains the HCV Program, the terms of the voucher, the role of the PHA, the property owner and the family's obligation.
- **Term of Voucher Extensions:** GHURA is permitted to grant a family one or more extensions of the initial voucher term in accordance with GHURA's policy. HUD waived this requirement and GHURA may grant extensions beyond its policy.
- **Approval of Assisted Tenancy (HAP Contract Execution):** HUD waived the requirement which allows GHURA to execute a contract after the 60-day deadline has passed and make housing assistance payment back to the beginning of the lease term.
- **Absence from the Unit:** GHURA effectuated a temporary policy to continue making housing assistance payments and not to terminate a family's assistance due to extenuating circumstances if the family is absent from the unit due to hospitalization, staying at a nursing home or caring for a family member outside the home.
- **Family Unification Program (Youth) age eligibility and length of assistance:** Regulation states that FUP youth must not be more than 24 years of age when placed under HAP contract. HUD waived this requirement and extended the age before they turn 26. HUD also waived the length of time of participation, which is not to exceed 36 months. GHURA is permitted to suspend termination of assistance for period of six months from the date the youth's assistance would have been terminated.
- **SEMAP:** As a result of the pandemic, HUD carried forward the most recent SEMAP score on record.
- **PHA Reporting (HUD form 50058):** HUD waived the 60-day deadline, and as an alternative, GHURA must submit transactions impacted by implemented waivers and alternative requirements within 90 days of the effective date.

The consequences of the pandemic brought about temporary measures and waivers that must be sorted out in FY2021. The immediate goal and objective in 2020 were to ensure families or housed or remained house to stop the spread of the novel corona virus.

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Management's Discussion and Analysis
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Demographic of Section HCV Program Participants:

In 2020, GHURA Section 8 HCV Program participant characteristics are as follows:

- The average household annual income was \$6,531.93 for non-working families and \$15,705.12 for working families. Income sources for non-working families come from various sources such as general assistance, Supplemental Nutrition Assistance Program (SNAP; commonly known as food stamps) and Temporary Assistance for Needy Families (TANF).
- The most requested unit sizes were three (43%), two (27%) and four-bedrooms (15%), and one (11.6%).
- The average housing assistance payment paid was \$1,101.98 per unit and the average tenant rent share was \$138.
- The race breakdown of households consists of 89 percent Pacific Islander, followed by 8.5 percent Asian, 1.3 percent Caucasian, less than 1 percent Black American and the remaining consist of other races. Ethnicity, 99% of participants are non-Hispanic.
- 2,014 households with female head of households and 484 male head of households.
- 13% of households included a person or persons with disabilities and 13 percent were elderly households over the age of 62 or older.

The Family Self-sufficiency Program:

The FSS Program enables families assisted through the Section-8 Housing Choice Voucher (HCV) and Public Housing programs to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. The FSS Program works in collaboration with a Program Coordinating Committee (PCC) to link services from public and private resources. Eligible families selected for participation under the program are required to execute a 5-year Contract of Participation. The contract delineates specific rights and responsibilities, as well as goals and services for the family. The FSS Coordinator links services and other resources necessary to assist the family to complete their goals. Examples of the services coordinated through the program include: child-care, transportation, education, job training, employment counseling, financial literacy, and homeownership counseling, among others.

There are three key features to the FSS program: A financial incentive in the form of an escrow account, coaching and case management, and stable housing through rental subsidies. The escrow account is an interest-bearing account established by GHURA for each participating family and provides a unique opportunity for participants to build substantial savings. As the family's rent share increases because of an increase in earned income, the increases are credited to the family's Escrow account. Under certain circumstances, the PHA may allow for interim disbursements during the family's participation for purposes consistent with their Contract of Participation (CoP). Examples include disbursements for completion of higher education, job training, start-up expenses for a small business, vehicle repair to ensure that they may continue to get to work, and disbursements for college tuition to ensure that they graduate. Once a family successfully graduates from the program, they may access their escrow funds, which may then be used toward additional self-sufficiency goals, such as putting a down payment toward the purchase of a new home. Escrow monies dispersed to successful families are not subject to federal taxation.

Over the course of 2020, and in line with COVID-19 restrictions, FSS Program Coordinators employed alternate means of ensuring continuity of services for FSS families, and that they were provided with critical pandemic related information by implementing a series of virtually based one-to-ones. These included virtual orientations, enrollments, basic needs assessments and service coordination, as well as progress-based appointments.

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Additionally, an immense outreach campaign (via telephone and email) was conducted to ensure that FSS families were made aware of essential services and resources which were available to them during the time of pandemic. This informational campaign consisted of the availability of pandemic related assistance, including (un)employment assistance, food commodity resources, free personal protective equipment distributions, diaper drives, COVID educational materials, testing resources, and vaccination schedules. Other information provided included proper COVID-19 sanitation and disinfection routines, educational resources for school-aged children, and coping mechanisms for dealing with the financial and emotional stress of the pandemic.

Through continued collaboration with Program Coordinating Committee (PCC) partners, and in spite of pandemic related shut-downs, FSS families were able to avail of virtual job fairs, virtual academic advisement services, a virtual cost-free training opportunity (certification and job placement) for a temporary certified nursing assistant program, as well as a construction bootcamp.

FSS Coordinators participated numerous online trainings and webinars throughout the year; particularly those pertaining to continuity of services and resources and benefits available to support FSS families in the midst of the COVID-19 pandemic. Notable workshops and activities included a series of consumer finance webinars to help FSS families deal with the financial stress of the pandemic, and budgeting counseling in the areas of bills, debt and credit. Information obtained from these webinars were shared with FSS families based on their individual needs.

In conclusion, with the unwavering support of GHURA's staff and management, FSS Coordinators concluded 2020 by successfully organizing its 4th annual Toys-for-Tots toy-drive. The 2020 drive allowed for the distribution of 138 Christmas gifts for FSS families and GHURA tenant families with children aged 0 – 17 years.

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 for \$2 Million and amortized for a 50-year period beginning March 26, 1980. Annual rental subsidies of approximately \$600 thousand 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. GHURA has identified funding in Project Reserves to address this requirement.

Of the 50 dwelling units, a total of 20 units have been upgraded and completed to date for a total cost of \$329,600.

Phase I – 6 units completed on May 31, 2018, total cost \$84,300

Phase II – 6 units completed on December 11, 2018, total cost \$94,000

Phase III – 8 units completed on December 12, 2019, total cost \$151,300

An additional eight (8) units are currently in preparation to be upgraded.

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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) Program to address the needs of homeless populations.

During FY2020, GHURA administered \$5.5 million in eligible CPD-funded activities. In fiscal year 2020 alone, a total of \$4,343,277 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$994,448 were approved for activities in fiscal year 2020.

Community Development Block Grants

GHURA 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 that tracks the assistance provided to the island's homeless through the various government and non-profit service providers.
- (3) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received funds for operations to administer homeless prevention and rapid re-housing services under the Emergency Solutions Grant.
- (4) The Opportunity Initiative is a program administered by the Big Brothers Big Sisters of Guam to provide on-site enrichment activities and curriculum-based programs to enhance work readiness and literacy skills for youth and adults.
- (5) Kurason Ysengsong received funds to provide community learning and resource centers including adult and youth computer literacy classes, GED preparation, and other educational programs.
- (6) Guam's Alternative Lifestyle Association (GALA) received funds to provide work-force development assistance for youth and families, adult workplace mentorship, and family literacy programs for adult and youth.
- (7) To provide one-to-one counseling, homebuyer education, group education; and case management to eligible families under the HOME, Section 8, and PHA programs.

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Public Facilities and Improvements –

- (1) Acquisition/Construction of the Central Police Precinct Command-Funds were used to acquire land for the construction of a new Central Police Precinct Command facility for the Guam Police Department.
- (2) Sinajana Community Recreational Facility-Funds were used to rehabilitate the Sinajana baseball field, basketball court, and the park across the GHURA main facility to provide the community in Sinajana with a decent and safe recreational facility.
- (3) Rehabilitation of Umatac Baseball Field-Funds were used to rehabilitate the Umatac baseball field to installation of lighting, fences, dugouts, ADA-compliant restrooms, sidewalks, and utility and sewer connections.
- (4) Residential Treatment Center for Women-Funds were used to construct a 14-bed facility for women who are undergoing treatment for substance abuse.
- (5) Central Community Arts Hall-Funds were used to construct a lecture/theater-style building that will have a 150-seat capacity.
- (6) Inarajan Basketball Court construction-Funds will be used to construct a basketball court, restroom facilities and installation of light fixtures.

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) Acquisition and Rehabilitation of Single Family Homes. Funds were used to acquire and rehabilitate single-family units and make them available for sale to low and moderate income qualified and eligible homebuyers.
- (2) Rehabilitation of Affordable Housing (Isla Apartments)-Funds were used to renovate a 14-unit facility to be used as affordable rental housing.

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

Emergency Solutions Grant (ESG)

In FY2020, ESG funded activities serving homeless populations. ESG funds were used in providing homeless prevention and rapid re-housing services to individuals and families who are homeless or at risk of becoming homeless.

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

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Cares Act Funds (CDBG and ESG)

\$6,197,940 of CDBG and ESG CARES Act funds was awarded to prevent, prepare for and respond to coronavirus activities for the benefit of low- and moderate-income and homeless populations across the island. 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 (2015-2019)*".

Continuum of Care Grant Funds

Housing first Rental Assistance 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, participants receive support services through a network of local service agencies.

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.

Y' Jahame Permanent Housing Program is an 8-unit project-based permanent housing program for homeless persons with disabilities.

Empowered Together. Elim Pacific Ministries provides permanent housing and supportive services to chronic homeless women with children who are recovering from substance abuse.

Guma Mami Inayek Program. Funds used to provide rental assistance and supportive services for up to six homeless participants with disabilities who are victims of domestic violence and sexual assault.

Gai Animas Project. Funds used to provide joint transitional housing rapid re-housing/permanent housing and supportive services to victims of domestic violence and sexual assault.

Coordinated Entry System. Funds used to develop and implement the Coordinated Entry System utilizing the Homeless Management Information System (HMIS). Coordinated entry is a process developed to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs.

Continuum of Care Planning Costs. GHURA is designated to administer HUD funds on behalf of GovGuam. As the designated Collaborative Applicant, GHURA coordinates CoC activities, conducts monitoring of CoC for program performance and compliance, and provides guidance and assistance to address homelessness.

Low-Income Housing Tax Credit Program

The Low-Income Housing Tax Credit (LIHTC) Program, created by the Tax Reform Act of 1986, is intended to encourage the construction or rehabilitation of low-income rental units. The regulations that govern this program are contained in Section 42 of the Internal Revenue Code (the "Code" or IRC). The LIHTC Program provides Federal tax credits to qualified project owners who agree to maintain all or a portion of a project's units for low-income individuals or families.

GHURA is the recognized state housing credit agency authorized to allocate LIHTC Program credits in Guam. GHURA has been designated as the agency responsible for the administration of the LIHTC program. The LIHTC Program assists in the development of low-income rental housing by providing qualified owners with tax credits to offset their federal tax obligations. LIHTC Program credits are available to owners of qualifying buildings and projects that meet certain low-income occupancy rent restrictions. Tax credits are allocated to eligible jurisdictions by the Internal Revenue Service on an annual basis.

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Since 2005, the LIHTC Program has been a primary tool in support of affordable rental housing development in Guam. The LIHTC Program has contributed to the construction of over 1,000 units of affordable housing in northern and central Guam. The FY2018-2019 Application Cycle yielded two projects for award. The two projects will result in the development of 152 units of new affordable rental housing. The first project for 88 units is the second phase of a 138-unit development along Canada Road in Toto. The second project awarded for the FY2018-2019 cycle has been completed and has leased its units since January 2020. In addition, this completes the last phase of a 399-unit development in Lada Avenue in Dededo. Both projects continue the current GHURA Qualified Allocation Plan focus to develop opportunities for larger families with a greater number of 2-bedroom and 3-bedroom units. In addition, because of their locations, both projects continue to promote access to opportunities of employment and education.

Low Income Housing Tax Credit Program - Guam				
Project Name	Developer	Units	Location	Status
Ironwood Estates	Ironwood Estates, LLC	108	Machanao, Dededo	In Service*
Ironwood Manor	Ironwood Manor, LLC	100	Machanao, Dededo	In Service*
Ironwood Glen	Ironwood Glen, LLC	93	Machanao, Dededo	In Service*
Ironwood Heights I	Ironwood Heights, LLC	72	Highway 14B, Tamuning	In Service*
Ironwood Heights II	Ironwood Heights, LLC	60	Highway 14B, Tamuning	In Service*
Summer Green Residences	Summer Green DE, LLC	72	So. Marine Corps Drive, Tamuning	In Service*
Summer Homes	Summer Homes DE, LLC	81	Route 9, Dededo	In Service*
Summer Town Elderly Housing	Summer Town Estates, DE LLC	-	Lada Avenue, Dededo	-
Phase I	-	128		In Service**
Phase II (Section 8 Project-Base)	-	112		In Service**
Summer Town Estates Phase II	Summer Town Estates II, DE LLC	93	Lada Avenue, Dededo	In Service*
Summer Town Estates Phase III	Summer Town Estates III, DE LLC	66	Lada Avenue, Dededo	In Service*
Ironwood Villa Del Mar Phase I	Villa Del Mar, LLC	50	Canada-Toto Road, just off of Route 8	In Service*
Ironwood Villa Del Mar Phase II	Villa Del Mar, LLC	88	Canada-Toto Road, Just off of Route 8	Under Construction
Summer Town Estates IV	Summer Town Estates IV, DE LLC	64	Lada Avenue, Dededo	In Service*

* Individuals and Families

** Elderly Housing. Serving persons 55 years of age and older (128 units) and 62 years of age and older (112 units).

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 for low to moderate-income individuals and various urban renewal and development projects.

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Authority-Wide Financial Statements

Statements of Net Position

The following summary presented below reflects the condensed 2018 to 2020 Statement of Net Position. GHURA is engaged only in Business-Type Activities.

**GHURA's Net Position
As of September 30
Table 1**

	2020	2019	\$ Change FY 2019 to FY 2020	% Change FY 2019 to FY 2020	2018
Current and other assets	\$ 24,084,757	\$ 21,648,045	\$ 2,436,712	11.3%	\$ 20,895,235
Capital assets	17,644,865	19,820,874	\$ (2,176,009)	-11.0%	21,190,244
Other real estate	2,636,152	2,636,152	-	0.0%	2,636,152
Total assets	44,365,774	44,105,071	260,703	0.6%	44,721,631
Deferred outflows of resources	7,390,493	4,006,407	3,384,086	84.5%	3,021,411
	\$ 51,756,267	\$ 48,111,478	\$ 3,644,789	7.6%	\$ 47,743,042
Current and other liabilities	\$ 36,100,413	\$ 29,099,926	\$ 7,000,487	24.1%	\$ 30,322,992
Long-term debt	821,572	896,243	(74,671)	-8.3%	966,317
Total liabilities	36,921,985	29,996,169	6,925,816	23.1%	31,289,309
Deferred inflows of resources	3,862,902	4,970,354	(1,107,452)	-22.3%	1,803,860
Net position:					
Net investment in capital assets	19,459,445	21,560,783	(2,101,338)	-9.7%	22,860,079
Restricted	18,279,634	16,820,947	1,458,687	8.7%	16,743,204
Unrestricted	(26,767,699)	(25,236,775)	(1,530,924)	6.1%	(24,953,410)
Total net position	10,971,380	13,144,955	(2,173,575)	-16.5%	14,649,873
	\$ 51,756,267	\$ 48,111,478	\$ 3,644,789	7.6%	\$ 47,743,042

Total assets and deferred outflows of resources of GHURA as of September 30, 2020 and 2019 amounted to \$51,756,267, an increase of \$3,644,789 or 7.6% as compared to \$48,111,478 as of September 30, 2019 and as of September 30, 2019 and 2018 amounted to \$48,111,478, an increase of \$368,436 or 0.8% as compared to \$47,743,042 as of September 30, 2018. Cash and cash equivalents as of September 30, 2020 and 2019 totaled \$17,164,799 and \$15,613,356, increases of \$1,551,443 and \$685,541 or approximately 9.9% and 4.6% as compared to \$15,613,356 and \$14,927,815 as of September 30, 2019 and 2018, respectively.

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

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Table 2 presents details on the change in Unrestricted Net Position for the fiscal years ended September 30, 2018 to 2020. (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

GHURA's Change in Unrestricted Net Position
Years Ended September 30
Table 2

	2020	2019	\$ Change FY 2019 to FY 2020	% Change FY 2019 to FY 2020	2018
Unrestricted net position, beginning	\$ (25,236,775)	\$ (24,953,410)	\$ (283,365)	1.1%	\$ (24,996,313)
Change in net position	(2,173,575)	(1,504,918)	(668,657)	44.4%	(1,703,216)
Adjustments:					
Depreciation (1)	3,431,193	3,024,691	406,502	13.4%	2,477,408
Adjusted change in net position	1,257,618	1,519,773	(262,155)	-17.2%	774,192
Change in restricted net position	(1,458,687)	(77,743)	(1,380,944)	1776.3%	(106,612)
Acquisition and disposal of capital assets	(1,255,184)	(1,655,321)	400,137	-24.2%	(557,866)
Repayment of long-term debt	(74,671)	(70,074)	(4,597)	6.6%	(66,811)
Net change	(1,530,924)	(283,365)	(1,247,559)	440.3%	42,903
Unrestricted net position, ending	\$ (26,767,699)	\$ (25,236,775)	\$ (1,530,924)	6.1%	\$ (24,953,410)

Statements of Revenues, Expenses and Change in Net Position

The following summary presented below reflects the condensed 2018 to 2020 Statement of Revenues, Expenses and Changes in Net Position.

GHURA's Change in Net Position
Years Ended September 30
Table 3

	2020	2019	\$ Change FY 2019 to FY 2020	% Change FY 2019 to FY 2020	2018
Revenues:					
Operating and capital grants	\$ 45,400,026	\$ 42,892,270	\$ 2,507,756	5.8%	\$ 41,386,123
Tenant rental revenue	749,460	860,390	(110,930)	-12.9%	729,784
Other operating revenues	359,511	340,818	18,693	5.5%	1,044,424
Nonoperating	495,144	559,963	(64,819)	-11.6%	676,574
Total revenues	47,004,141	44,653,441	2,350,700	5.3%	43,836,905
Expenses:					
Housing assistance payments	32,498,722	28,598,318	3,900,404	13.6%	27,846,756
Other operating expenses	16,627,185	17,481,802	(854,617)	-4.9%	17,633,697
Nonoperating	51,809	78,239	(26,430)	-33.8%	59,668
Total expenses	49,177,716	46,158,359	3,019,357	6.5%	45,540,121
Change in Net Position	\$ (2,173,575)	\$ (1,504,918)	\$ (668,657)	44.4%	\$ (1,703,216)

Table 3 presents the changes in GHURA's net position for the years ended September 30, 2018 to 2020. GHURA had total revenues of \$47,004,141 in 2020 and \$44,653,441 in 2019, an increase of \$2,350,700 or 5.3% while total expenses were \$49,177,716 in 2020 and \$46,158,359 in 2019, an increase of \$3,019,357 or 6.5%. Total revenues amounted to \$44,653,441 in 2019 and \$43,836,905 in 2018, an increase of \$816,536 or 1.9% while total expenses amounted to \$46,158,359 in 2019 and \$45,540,121 in 2018, an increase of \$618,238 or 1.4%.

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Major Factors Affecting the Statements of Revenue, Expenses and Changes in Net Position

Revenues

GHURA's revenues consist of Operating Subsidies, Grants, Tenant Rents and Others. The majority of its revenues are from HUD. Table 4 presents a summary of operating and capital grants received by GHURA for the years ended September 30, 2020 to 2018.

GHURA's Grant Revenues
Years Ended September 30
Table 4

	2020	2019	2018
Revenues:			
Section 8 Housing Choice Voucher	\$ 34,516,746	\$ 30,179,391	\$ 30,063,004
Low-income housing	5,798,628	3,863,520	4,530,104
Public Housing capital fund	1,583,006	2,131,937	738,291
HOME Investment Partnerships	253,459	1,001,122	878,643
Continuum of Care	706,630	897,383	1,040,152
CDBG	1,446,620	3,567,673	3,105,920
Supportive Housing for the Elderly	622,631	602,984	618,265
Emergency Solutions grant	244,222	393,503	164,302
ROSS	34,351	37,076	52,802
Multifamily Housing Service	25,347	84,419	49,814
Family Self-Sufficiency	129,004	133,262	144,826
Public Housing CARES Act	27,715	-	-
Section 8 CARES Act	10,766	-	-
ESG CARES Act	901	-	-
Total	\$ 45,400,026	\$ 42,892,270	\$ 41,386,123

Tenant Revenue

Tenant revenue, which accounted for 1.9% of total current year revenues, decreased by \$110,930, or approximately 12.9% from \$860,390 in 2019 to \$749,460 in 2020, respectively. The decrease in the current year revenues is attributed to charges for the period and the COVID-19 Pandemic beginning March 16, 2020.

Other Revenue

Other income consists of program income, land sales, interest earned on cash equivalents, and other income.

Expenses

Housing Assistance Payments

Housing assistance payments, which accounted for 66.0% and 62% of total current and prior year expenses, increased by \$3,900,404 and \$751,562, or approximately 13.6% and 2.7%, from \$28,598,318 in 2019 to \$32,498,722 in 2020 and \$27,846,756 in 2018 to \$28,598,318 in 2019. The increase in the current year expenses is attributed to increase in Section 8 Housing Choice vouchers for the period due to higher unit month leasing costs.

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Other Operating Expenses

Other operating expenses, which accounted for 33.8% and 37.9% of total current and prior year expenses, decreased by \$854,617 and \$151,895, or approximately 4.9% and 0.9% from \$17,481,802 in 2019 to \$16,627,185 in 2020 and \$17,633,697 in 2018 to \$17,481,802 in 2019, respectively. The decrease in 2020 was due to the delay of renovation and construction contracts caused by COVID-19 pandemic.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018 to 2020, GHURA reported capital assets of \$21,190,244 in 2018, \$19,820,875 in 2019 and \$17,644,864 in 2020 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (net of additions and depreciation) of \$2,176,009 and \$1,369,370, or approximately 11% and 6.5% from 2019 to 2020 and 2018 to 2019, respectively.

GHURA's Capital Assets
As of September 30
Table 5

	2020	2019	2018
Depreciable assets:			
Structures	\$ 96,041,260	\$ 94,031,160	\$ 93,007,015
Furnitures, fixtures and equipment	4,404,700	4,172,629	4,159,655
Leasehold improvement	296,583	295,588	295,588
	100,742,543	98,499,377	97,462,258
Accumulated depreciation	(87,221,203)	(83,790,010)	(80,765,319)
Total depreciable assets, net	13,521,340	14,709,367	16,696,939
Nondepreciable assets:			
Land	3,675,882	3,675,882	3,675,882
Homes for transfer to persons	322,515	706,129	817,423
Construction in progress	125,128	729,496	-
Total nondepreciable assets	4,123,525	5,111,507	4,493,305
Total capital assets, net	\$ 17,644,865	\$ 19,820,874	\$ 21,190,244

For additional information on GHURA's capital assets, please refer to Note 5 to the accompanying financial statements.

Debt Outstanding

As of year-end, GHURA had \$821,572 in debt (mortgage loan) outstanding compared to \$896,243 in 2019, for a \$74,671 decrease (debt retirement). Last year, GHURA had \$896,243 in debt outstanding compared to \$966,317, for a \$70,074 decrease (debt retirement) in 2018. For additional information on GHURA's outstanding long-term debt, please refer to Note 7 to the accompanying financial statements.

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Economic Factors

Significant economic factors that affect GHURA are as follows:

Federal funding of HUD. As GHURA receives the majority of its operating revenue from financial assistance from HUD, GHURA and its financial operations are significantly affected by the federal government's annual appropriation to HUD.

GHURA has been proactive in assessing its financial condition and attempting to align its activities and the financial position of the agency so it can respond to new terms and conditions that may be incorporated into this extension. By incorporating its estimate of these possible changes and reductions into its budget for the current and future fiscal years, GHURA hopes to avoid any significant reductions in service levels or ongoing operations. However, any deviation from current estimates of funding to be received would have to be reexamined.

GHURA 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 GHURA's future operations and administration of these federal programs. Funding is provided for HUD programs on a calendar year basis.

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 pro-rations 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 would 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.

In order to comply with statutory Flat Rent changes contained within the FY2015 Appropriations Act and Notice PIH 2015-13 that replaces Notice PIH 2014-12, GHURA has updated its Public Housing Agency (PHA) Plan for Fiscal Year 2015 and is in the process of revising applicable portions of its Admissions and Continued Occupancy Policy (ACOP).

In keeping with the requirements, GHURA set the flat rent amounts for each public housing unit at no less than 80 percent of applicable Fair Market Rents (FMRs); limited annual increases to 35% for current program participants that pay flat rent; and in circumstances where utilities are paid for by the resident, reduced the flat rent amount to account for reasonable utility costs.

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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 affect residents, clients, and partners. The local government revenues have greatly reduced the amount of welfare assistance provided to those tenants of GHURA, 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 GHURA 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 GHURA's housing programs. Tenants' reduced incomes result in lower dwelling rental income received by GHURA, and lower collection rates, which have affected operations.

Inflationary pressure on utility rates, supplies and other costs – Utility rates have been fluctuating. 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.

Rental Assistance Demonstration

The HUD Rental Assistance Demonstration (RAD) Program is under continuing review by GHURA. GHURA's aim is to determine its applicability and benefit to the island's inventory of Public Housing. Participation in the RAD Program would see the conversion of Public Housing properties to a Section 8 Project-Based Voucher (PBV) or Project-Based Rental Assistance (PBRA) program. The RAD Program is a key component of the HUD Office of Public and Indian Housing's rental housing preservation strategy, working to preserve the nation's stock of deeply affordable rental housing, and to promote efficiency within and among HUD programs to build strong, stable communities.

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.

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Systems, Controls, and Legal Compliance

Systems

Currently GHURA 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, and transmits and receives electronic banking payment (receivables) on a daily basis, as well as other various GovGuam 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, and Continuum of Care programs. 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.

Legal Compliance

GHURA 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

GHURA 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, GHURA must take appropriate action. The action that is appropriate depends on the particular case or circumstances.

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

Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

GHURA 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 GHURA will have preventive measures in place so that any irregularity can be quickly detected and resolved as efficiently, professionally, and as 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 GHURA 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 are. Public officials are repositories of the public trust and as such have a duty to faithfully and honestly represent the interests of the public.

COVID-19

GHURA received two separate allocations of Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) funds through the HUD's Office of Community Planning and Development. CDBG and ESG funds are intended to fund activities and programs that would directly address the COVID-19 pandemic emergency. In general, funds are intended to prevent, prepare, and respond to the community's needs because of the pandemic and to do so by consulting with public health and other government officials to identify how best to meet the needs of the public.

The total allocation of CDBG funds amounts to \$2,678,702. The total allocation of ESG funds amounts to \$3,519,238. Guam will amend its existing 5-Year Consolidated Plan and the PY2019 Annual Action Plan to propose projects for COVID-19 purposes. Both programs have made liberal adjustments to program rules that positively affect the use of funds to maximize their reach to the populations rendered vulnerable due to the emergency.

The CARES Act also provided supplemental Public Housing Operating funding under Notice PIH 2020-07, as well as funding provisions for the Housing Choice Voucher Program Administrative Fees under Notice PIH 2020-08. The CARES Act funding amounts are \$745,204 and \$1,157,936, respectively. The notices provide guidance on the disbursement of funds, reporting requirements, and a description on eligible and ineligible expenses. Funding availability is now through December 31, 2021, as extended by HUD Notice PIH 2020-24.

Financial Contact

Requests regarding any information contained in this report or any additional information or questions concerning the report should be addressed to Ray S. Topasna, 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)

Statements of Net Position
September 30, 2020 and 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2020	2019
Current assets:		
Cash and cash equivalents	\$ 14,984,922	\$ 14,581,779
Cash and cash equivalents - restricted	2,179,877	1,031,577
Receivables, net:		
HUD	1,451,115	684,633
Notes receivable - current	336,731	352,953
Tenants	201,622	167,426
Other government	9,774	9,774
Accrued interest receivable	12,037	2,378
Miscellaneous	365,449	435,963
Allowance for doubtful accounts	(256,772)	(229,858)
Prepayments and other current assets	96,655	106,250
Inventory	305,839	264,628
Total current assets	19,687,249	17,407,503
Noncurrent assets:		
Notes receivable, net of current portion	4,397,508	4,240,542
Capital assets:		
Depreciable assets, net of accumulated depreciation	13,521,340	14,709,367
Non-depreciable assets	4,123,525	5,111,507
Other real estate	2,636,152	2,636,152
Total noncurrent assets	24,678,525	26,697,568
Total assets	44,365,774	44,105,071
Deferred outflows of resources:		
Pension	3,442,200	2,615,848
OPEB	3,948,293	1,390,559
Total deferred outflows of resources	7,390,493	4,006,407
Total assets and deferred outflows of resources	\$ 51,756,267	\$ 48,111,478
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and other deposits	\$ 2,031,376	\$ 1,520,784
Due to HUD	16,332	14,264
Current portion of accrued compensated absences	96,901	72,124
Current portion of note payable	79,000	75,000
Accrued payroll and other liabilities	262,321	539,304
Unearned revenues	1,557,815	494,507
Security and escrow deposits	399,774	333,598
Other current liabilities	181,787	317,599
Total current liabilities	4,625,306	3,367,180
Accrued compensated absences, net of current portion	775,474	625,730
Note payable, net of current portion	742,572	821,243
Net pension liability	14,905,260	13,551,420
OPEB liability	15,873,373	11,630,596
Total liabilities	36,921,985	29,996,169
Deferred inflows of resources:		
Pension	301,674	381,591
OPEB	3,561,228	4,588,763
Total deferred inflows of resources	3,862,902	4,970,354
Commitments and contingencies		
Net position:		
Net investment in capital assets	19,459,445	21,560,783
Restricted	18,279,634	16,820,947
Unrestricted	(26,767,699)	(25,236,775)
Total net position	10,971,380	13,144,955
Total liabilities, deferred inflows of resources and net position	\$ 51,756,267	\$ 48,111,478

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2020 and 2019

	2020	2019
Operating revenues:		
HUD PHA Operating Grants	\$ 44,722,486	\$ 41,273,978
Tenant rental income	749,460	860,390
Other income	359,511	340,818
Total operating revenues	45,831,457	42,475,186
Operating expenses:		
Housing assistance payments	32,498,722	28,598,318
Salaries and wages	4,668,454	4,386,611
Depreciation	3,431,193	3,024,691
Employee benefits	2,227,813	1,759,132
Other administrative expenses	2,030,496	2,564,656
Repairs and maintenance	1,788,438	4,155,479
Retiree healthcare costs and other pension benefits	1,048,452	414,341
Utilities	492,762	525,118
Office expense	293,198	330,660
Compensated absences	174,522	50,958
Insurance	164,028	82,268
Professional fees	153,616	112,651
Bad debts expense (recovery)	56,822	(15,421)
Protective services	44,060	3,159
Payments in lieu of taxes	32,897	-
Advertising	20,434	66,448
Travel	-	21,051
Total operating expenses	49,125,907	46,080,120
Operating loss	(3,294,450)	(3,604,934)
Nonoperating revenues (expenses):		
Contributions from GovGuam for retiree benefits	390,944	414,569
Fraud recovery	30,390	49,982
Interest income	13,782	14,576
Other income	60,028	80,836
Casualty losses	-	(21,833)
Interest expense	(51,809)	(56,406)
Total nonoperating revenues, net	443,335	481,724
Loss before capital grants and contributions	(2,851,115)	(3,123,210)
Capital grants and contributions:		
Federal grants	677,540	1,618,292
Change in net position	(2,173,575)	(1,504,918)
Net position at the beginning of the year	13,144,955	14,649,873
Net position at the end of the year	\$ 10,971,380	\$ 13,144,955

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Operating grants received	\$ 44,686,857	\$ 41,238,349
Receipts from tenants and customers	1,388,306	1,377,972
Housing assistance paid	(32,498,722)	(28,598,318)
Payments to suppliers for goods and services	(7,488,992)	(7,265,914)
Payments to employees	(3,845,664)	(5,917,615)
Net cash provided by operating activities	2,241,785	834,474
Cash flows from capital and related financing activities:		
Capital grants received	677,540	1,618,292
Acquisition of capital assets	(1,255,184)	(1,655,321)
Repayment of note payable	(74,671)	(70,074)
Interest paid	(51,809)	(56,406)
Net cash used for capital and related financing activities	(704,124)	(163,509)
Cash flows from investing activities:		
Interest and other	13,782	14,576
Net change in cash	1,551,443	685,541
Cash and cash equivalents at beginning of year	15,613,356	14,927,815
Cash and cash equivalents at end of year	\$ 17,164,799	\$ 15,613,356
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (3,294,450)	\$ (3,604,934)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	3,431,193	3,024,691
Bad debts expense (recovery)	56,822	(15,421)
Retiree healthcare costs and other pension benefits	1,048,452	414,341
Noncash pension cost	447,571	126,346
Fraud recovery and other income	90,418	130,818
(Increase) decrease in assets:		
Receivables	(769,731)	150,471
Note receivable	(140,744)	(176,590)
Prepayments and other current assets	9,595	(21,471)
Inventory	(41,211)	(4,258)
Increase (decrease) in liabilities:		
Accounts payable and other deposits	510,592	657,996
Due to HUD	2,068	2,164
Accrued compensated absences	174,521	41,183
Accrued payroll and other liabilities	(276,983)	18,133
Unearned revenues	1,063,308	36,436
Security and escrow deposits	66,176	38,702
Other current liabilities	(135,812)	15,867
Net cash provided by operating activities	\$ 2,241,785	\$ 834,474

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2020 and 2019

(1) Reporting Entity

The Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam (GovGuam), was created on December 18, 1962 by Government Code, Vol. II, Title XIV, Chapter X, 13902. The primary purpose of GHURA 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. GHURA's federal programs are administered through the U.S. Department of Housing and Urban Development (HUD) under the provisions of the U.S. Housing Act of 1937, as amended.

The administration and operation of GHURA is under the control of a six-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. GHURA has no component units required to be reported in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

(2) Summary of Significant Accounting Policies

The financial statements of GHURA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and 34*, establish financial reporting standards for governmental entities, which require that management's discussion and analysis of the financial activities be included with the basic financial statements and notes and modifies certain other financial statement disclosure requirements.

Organization and Program Descriptions

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:

Housing Assistance Payments Program:

HUD funds the Housing Choice Voucher Program. 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. As of September 30, 2020 and 2019, GHURA was authorized by HUD to approve housing assistance payment contracts for up to 2,581 and 2,571 families, respectively, dependent upon budget authority and available resources. Total contracted units under lease totaled 2,503 or 97% and 2,419 or 94% as of September 30, 2020 and 2019, respectively. The project-based voucher program located at the Summer Town Estates in Lada, Dededo, consists of 112 units, which began in November 2015. As of September 30, 2020 and 2019, Elderly Families occupied 112 and 107 units, respectively.

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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Supportive Housing for the Elderly:

The Supportive Housing for the Elderly project is designed to provide housing accommodations for elderly residents of Guam. The project was built on land donated by GovGuam at an appraised value of \$1,380,000. The project officially commenced operations in March 1980. Rentals are subsidized through HUD's Section 8 multi-family housing program.

Low Income Housing Program:

Under this program, GHURA 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 GHURA to provide the housing at a rent that is based on 30 percent of household income. GHURA entered into an ACC that allowed them to develop and operate a Low-Income Housing Program. Since that time, nine projects were developed: Guam 1-1 through 1-9. For the years ended September 30, 2020 and 2019, 730 and 723 units, respectively, were available for rent, of which 20 and 27 units, respectively, were modernized under HUD's Capital Funds Program. In 2020 and 2019, 708 or 97% and 716 or 99% units were occupied, respectively.

GHURA implemented HUD's mandated transition to "Project-Based Accounting" based on their Asset Management Model beginning fiscal year 2008. As such, GHURA has organized its 750 units into four Asset Management Project (AMP) sites. The new financial reporting model allows GHURA 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.

HOME Investment Partnership Program:

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

Continuum of Care Program:

GHURA administers grant funds received through the HUD's Continuum of Care Grant to serve the housing and service needs of homeless individuals with disabilities. GHURA acts as the collaborative applicant to submit for annual consideration a series of grants that are awarded to different island NGO's providing services to their individual populations.

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-income 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Emergency Solutions Grant Program:

This program provides grants to assist homeless and near-homeless individuals by providing rapid re-housing and homeless prevention services. The grants cover rental and utility assistance for persons and individuals who are homeless or on the verge of becoming homeless. Eligible households also can receive housing relocation and stabilization services such as counseling, case management and money management classes.

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.

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.

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 Guam.

Family Self-Sufficiency Program:

The objectives of the Family Self-Sufficiency program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Neighborhood Stabilization Program – Recovery Act Fund:

The objectives of this program 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Low-Income Housing Tax Credits (LIHTC) Program:

This program was created by the Tax Reform Act of 1986 and is intended to encourage the construction or rehabilitation of low-income rental units. The regulations governing this program are contained in Section 42 of the Internal Revenue Code (the "Code" or IRC). The LIHTC Program provides Federal tax credits to qualified project owners who agree to maintain all or a portion of a project's units for low-income individuals or families.

Local Funds:

GHURA is charged with administrative oversight responsibility for a variety of community projects as established and funded by GovGuam through contributions and local grants-in-aid.

Revolving and Trust Funds:

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

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.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the financial statements. GHURA 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 its measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and deferred outflows of resources, and liabilities and deferred inflows or resources (whether current or noncurrent) associated with the operation of GHURA are included in the statement of net position. 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 accounts 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. The principal operating revenues of GHURA 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 non-operating revenues. Operating expenses of GHURA include the cost of operating housing units, cost of tenant services, protective services, general, administrative, maintenance, depreciation, and housing assistance payments.

Other expenses of GHURA include interest expense. Housing assistance payments from HUD are received by GHURA 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 non-operating revenues and are separately presented as capital contributions in the accompanying statement of revenues, expenses and changes in net position.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Budgets

GHURA is not legally required to adopt budgets; however, GHURA has contractual requirements to adopt budgets for applicable HUD programs. GHURA's governing body, the Board of Commissioners, adopts budgets on a program level basis. These budgets are submitted by GHURA's Executive Director and approved by resolutions of the Board of Commissioners. GHURA 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 a 12 month term, which begins October 1 and ends September 30 of fiscal each year. Throughout the fiscal year, GHURA monitors and evaluates expenditure rates and patterns. GHURA'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.

Net Position

Net position represents the residual interest in GHURA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following categories:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable - net position subject to externally imposed stipulations that require GHURA to maintain them permanently.

Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GHURA pursuant to those stipulations or that expire with the passage of time. GHURA's restricted expendable net position pertains to unexpended HUD funds under various federal programs.

Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

All of GHURA's restricted net position is expendable. When both restricted and unrestricted resources are available for use, generally it is GHURA's policy to use restricted resources first and the unrestricted resources when they are needed.

Use of Estimates

The preparation of financial statements in accordance 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

For purposes of the statements of net position and of cash flows, GHURA considers cash and cash equivalents to be cash on hand, cash in checking and savings account and time certificates of deposit with original maturities of less than three months.

As of September 30, 2020 and 2019, cash and cash equivalents were \$17,164,799 and \$15,613,356, respectively, and the corresponding bank balances were \$17,304,660 and \$15,742,471, respectively, which are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2020 and 2019, bank deposits in the amount \$250,000 were FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GHURA requires collateralization of deposits in excess of depository insurance limits at 100%. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged or such other securities as may be approved by GMHA. As of September 30, 2020 and 2019, all of GHURA's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GHURA's name.

Receivables from HUD

Reimbursements due to GHURA for its expenditures on federally funded reimbursement and grant programs are reported as "receivables from HUD" in the accompanying financial statements.

Accounts Receivables - Tenants

GHURA recognizes bad debts using the allowance method and receivables are only written off after approval by management and subsequent reporting to the Board of Commissioners. 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.

Notes Receivable

Notes receivable are stated at the amount of unpaid principal. The allowance for doubtful accounts is established through a provision charged to expense. Notes are charged against the allowance when the principal due aged beyond 90 days.

Prepayments

Payments made to vendors for services that will benefit future periods are recorded as prepaid items.

Inventories

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

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 GovGuam, which are recorded at the estimated fair market value at date of donation.

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

Notes to Financial Statements
September 30, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

Capital Assets and Depreciation, Continued

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>
Structures	15-40 years
Leasehold improvements	15 years
Furniture, fixtures and equipment	5-7 years

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. GHURA also has other assets, which consist primarily of property inventory under the Local Funds programs. Additionally, capital assets include deferred charges, developmental costs, management improvements, and dwelling and non-dwelling costs from other various projects.

GHURA 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 GHURA 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 GHURA's financial statements. In 2020 and 2019, GHURA did not recognize any loss on impairment related to its long-lived assets.

Other Real Estate

Other real estate consists primarily of land transferred from GovGuam to GHURA 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. Management periodically performs valuations 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.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GHURA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date, and changes in proportion and differences between GHURA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

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(2) Summary of Significant Accounting Policies, Continued

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GHURA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and the OPEB liability, the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, and changes in proportion and differences between GHURA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GHURA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GHURA's proportionate share of excess total pension liability over the pension plan assets - actuarially calculated - of a single-employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GHURA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Other Postemployment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GHURA recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents GHURA's proportionate share of total OPEB liability - actuarially calculated - of a single-employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

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(2) Summary of Significant Accounting Policies, Continued

Compensated Absences

Compensated absences are accrued and reported as a liability in the period earned. Annual leave, expected to be paid out within the next fiscal year, is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of 320 hours as February 28, 2003, may carry over their excess leave and shall use the excess amount prior to retirement or termination of service. Any unused leave over 320 hours shall be lost upon retirement. At September 30, 2020 and 2019, accrued earned compensated absences totaled \$641,054 and \$519,748, 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, 2020 and 2019, \$231,321 and \$178,106 were accrued in the accompanying financial statements, respectively.

Unearned Revenues

Unearned revenues arise when resources arrive before GHURA has legal claim for them, such as when federal award money is received before the qualifying expenditure is made. In the subsequent period, when GHURA has a legal claim to the resources, the liability for unearned revenue is reduced and the revenue is recognized.

HUD Subsidies and Contributions

Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues to GHURA. 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. HUD contributions for project acquisition and development or modernization are recorded as capital contributions.

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.

Other Income

Other income includes a revenue-portion of 'Good Faith' deposits, forfeiture of other deposits and program income under the HOME Investment Partnership and other local fund programs. 'Good Faith' deposits pertain to 10% of the total tax credits approved for a contractor qualified under the LIHTC program. Of the deposit, 60% is recognized by GHURA as an administrative fee while 40% may be refunded to the applicant at GHURA's sole discretion. As of September 30, 2020 and 2019, GHURA retains \$708,711 and \$804,281, respectively, of 'Good Faith' refundable deposits, which are included in the accompanying financial statements within accounts payable and other deposits in the statement of net position.

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(2) Summary of Significant Accounting Policies, Continued

Management Fees

In lieu of a Cost Allocation Plan, HUD 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 GHURA's Central Office Cost Center (COCC), which is reported in the Other Enterprise Funds. HUD regulates the amount of management fees that can be paid from its programs. Additionally, the COCC earns fees from local programs it administers. GHURA paid management and bookkeeping fees to COCC of \$1,548,972 and \$1,463,041 for the years ended September 30, 2020 and 2019, respectively, which are eliminated on the statement of revenues, expenses and changes in net position for financial statement presentation.

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.

Income Taxes

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

Advertising and Marketing Expenses

GHURA incurred advertising and marketing costs totaling \$20,435 and \$66,448 for the years ended September 30, 2020 and 2019, respectively. These costs primarily relate to construction bids and related procurement solicitation costs.

COVID-19

On March 11, 2020, the World Health Organization declared the disease resulting from a novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, President Donald J. Trump declared a national emergency within the United States. In response to the national emergency declared by the U.S. President, on March 14, 2020, Guam Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential GovGuam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses have closed. GHURA, being a non-essential component, has closed its office to visitors and has implemented staggered staffing to address social distancing.

GHURA was awarded direct Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) funds through the HUD's Office of Community Planning and Development in two separate allocations of \$2,678,702 and \$3,519,238 for CDBG and ESG, respectively. Funds are intended to prevent, prepare, and respond to the community's needs as a result of the pandemic. GHURA was also awarded \$1,157,936 for its Section 8 HCV program and is authorized to disburse \$745,204 for its Public Housing programs. As of September 30, 2020, \$40,801 has been expended, of which \$901 or 2.21% was spent on Administrative expenses and \$39,900 or 97.79% on Tenant Services.

While the disruption is currently expected to be temporary, there is uncertainty around the duration. Due to uncertainty, the accompanying financial statements do not reflect any adjustments that may ultimately arise from these matters.

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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards

During the year ended September 30, 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In January 2020, GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 is effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

Reclassification

Certain balances in the 2019 presentation have been reclassified to conform to the 2020 presentation.

(3) Cash and Cash Equivalents

The deposits and investment policies of GHURA 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.

Custodial credit risk is the risk that in the event of a bank failure, GHURA's deposits may not be returned to it. Such deposits are not covered by depositor insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GHURA has an investment and deposit policy for custodial credit risk. For deposits, GHURA and the depository must execute a general depository agreement pursuant to HUD regulations. 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.

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(3) Cash and Cash Equivalents, Continued

As of September 30, 2020 and 2019, GHURA maintains certain cash and cash equivalents for restricted and designated purposes, which are summarized as follows:

	<u>2020</u>	<u>2019</u>
Public Housing	\$ 1,339,735	\$ 1,339,524
Section 8 HCV – CARES Act	1,147,170	-
Section 8 HCV	687,984	586,592
Supportive Housing for the Elderly	564,570	391,474
Revolving Fund	101,519	101,438
Local Funds	<u>33,124</u>	<u>12,768</u>
	<u>\$ 3,874,102</u>	<u>\$ 2,431,796</u>

Supportive Housing for the Elderly

In accordance with the Farmers Home Administration loan covenants, GHURA 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 FDIC. As of September 30, 2020 and 2019, GHURA had \$549,216 and \$373,897, respectively, in a designated cash account for the Supportive Housing for the Elderly and \$15,354 and \$17,577, respectively, in a designated cash account tenant security deposits. Interest income earned is reinvested when related time certificates of deposit mature.

Section 8 HCV and Low Rent Housing

Escrow accounts have been established for Section 8 HCV 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. GHURA holds FSS escrow amounts for participants in the program, which totaled \$333,303 and \$219,695 as of September 30, 2020 and 2019, respectively.

As of September 30, 2020 and 2019, the Section 8 HCV program also has designated cash of \$354,681 and \$366,897, respectively, which represent the remaining housing assistance payment (HAP) revenue that has accumulated since January 1, 2005. HUDPIH 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.

As of September 30, 2020 and 2019, the Low Rent Housing program also has additional designated cash totaling \$1,154,228 for each year, which consists primarily of a separate, HUD approved typhoon coverage self-insurance fund. Based on the terms of the self-insurance agreement with HUD, GHURA would need HUD’s approval for any withdrawal and expenditure of these funds. As of September 30, 2020 and 2019, total typhoon coverage self-insurance fund of \$1,032,707 and \$1,031,577, respectively, are presented as “Cash and cash equivalents – restricted” in the statements of net position.

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(4) Notes Receivable

Notes receivable consist primarily for first time homebuyers to provide assistance to eligible residents to purchase or construct a primary owner-occupied dwelling. The loans under GHURA's Down Payment and Closing Cost Assistance Program are interest free 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. Under the Renewal Homes Program, loans carry a 3% interest rate with a 30-year term.

Notes receivable consist of the following as of September 30, 2020 and 2019:

	2020			
	Down Payment and Closing Cost Assistance Program	HOME Rehabilitation Program	CBDG and Renewal Homes Program	Total
Due in varying monthly installments, interest free, with maturities to 2028 including loans	\$ 361,735	\$ 32,892	\$ -	\$ 394,627
Due in varying monthly installments, 3% interest, with maturities to 2050 including loans	<u>-</u>	<u>-</u>	<u>4,339,612</u>	<u>4,339,612</u>
	361,735	32,892	4,339,612	4,734,239
Current portion	<u>216,980</u>	<u>7,667</u>	<u>112,084</u>	<u>336,731</u>
	<u>\$ 144,755</u>	<u>\$ 25,225</u>	<u>\$ 4,227,528</u>	<u>\$ 4,397,508</u>
	2019			
	Down Payment and Closing Cost Assistance Program	HOME Rehabilitation Program	CBDG and Renewal Homes Program	Total
Due in varying monthly installments, interest free, with maturities to 2028 including loans	\$ 436,437	\$ 41,680	\$ -	\$ 478,117
Due in varying monthly installments, 3% interest, with maturities to 2049 including loans	<u>-</u>	<u>-</u>	<u>4,115,378</u>	<u>4,115,378</u>
	436,437	41,680	4,115,378	4,593,495
Current portion	<u>245,160</u>	<u>9,338</u>	<u>98,455</u>	<u>352,953</u>
	<u>\$ 191,277</u>	<u>\$ 32,342</u>	<u>\$ 4,016,923</u>	<u>\$ 4,240,542</u>

Maturities of the principal balances subsequent to September 30, 2020 are as follows:

Year Ending
September 30

2021	\$ 336,731
2022	164,596
2023	163,515
2024	155,221
2025	152,091
Thereafter	<u>3,762,085</u>
	<u>\$ 4,734,239</u>

At September 30, 2020 and 2019, the allowance for doubtful accounts on notes receivable amounted to \$182,515 and \$198,475, respectively.

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(5) Capital Assets

A summary of changes in capital assets for the years ended September 30, 2020 and 2019 are as follows:

	2020			
	Balance October 1	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	\$ 94,031,160	\$ 2,010,100	\$ -	\$ 96,041,260
Furniture, fixtures and equipment	4,172,629	232,071	-	4,404,700
Leasehold improvement	295,588	995	-	296,583
	<u>98,499,377</u>	<u>2,243,166</u>	<u>-</u>	<u>100,742,543</u>
Less accumulated depreciation and amortization	<u>(83,790,010)</u>	<u>(3,431,193)</u>	<u>-</u>	<u>(87,221,203)</u>
	<u>14,709,367</u>	<u>(1,188,027)</u>	<u>-</u>	<u>13,521,340</u>
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Homes for transfer to persons	706,129	-	(383,614)	322,515
Construction in progress	729,496	125,128	(729,496)	125,128
	<u>5,111,507</u>	<u>125,128</u>	<u>(1,113,110)</u>	<u>4,123,525</u>
Total capital assets, net	\$ <u>19,820,874</u>	\$ <u>(1,062,896)</u>	\$ <u>(1,113,110)</u>	\$ <u>17,644,865</u>
	2019			
	Balance October 1	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	\$ 93,007,015	\$ 1,024,145	\$ -	\$ 94,031,160
Furniture, fixtures and equipment	4,159,655	12,974	-	4,172,629
Leasehold improvement	295,588	-	-	295,588
	<u>97,462,258</u>	<u>1,037,119</u>	<u>-</u>	<u>98,499,377</u>
Less accumulated depreciation and amortization	<u>(80,765,319)</u>	<u>(3,024,691)</u>	<u>-</u>	<u>(83,790,010)</u>
	<u>16,696,939</u>	<u>(1,987,572)</u>	<u>-</u>	<u>14,709,367</u>
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Homes for transfer to persons	817,423	322,515	(433,809)	706,129
Construction in progress	-	729,496	-	729,496
	<u>4,493,305</u>	<u>1,052,011</u>	<u>(433,809)</u>	<u>5,111,507</u>
Total capital assets, net	\$ <u>21,190,244</u>	\$ <u>(935,561)</u>	\$ <u>(433,809)</u>	\$ <u>19,820,874</u>

(6) Other Real Estate

GovGuam transferred five parcels of land to GHURA to construct 500 single-family homes under the GHURA 500 Low Cost Housing Project. Upon completion of the construction and GHURA'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, 2020 and 2019, GHURA had seventy-four (74) lots in its inventory with an estimated value of \$2,564,322. In addition, GHURA has five (5) lots in the GovGuam Astumbo Housing Project with estimated per lot value of \$14,366 for a total estimated value of \$71,830 as of September 30, 2020 and 2019.

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(7) Note Payable

On March 26, 1980, GHURA entered into a Section 515 Rural Rental Housing loan with the U.S. Department of Agriculture (USDA) Farmers Home Administration for \$2,000,000 for the construction of elderly housing known as Guma Trankilidat. The loan bears interest at 6% per annum and is secured by a first mortgage and assignment of rental income and assessments. In the event that GHURA defaults in the payment of the loan or in the performance of any of its obligations under the promissory note, or GHURA or any other party defaults in their respective obligations under any of the related security documents, USDA would have the option to declare the unpaid principal amount of the loan, together with any accrued and unpaid interest and charges, immediately due and payable. Approximate annual debt service requirements to maturity for principal and interest are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2021	\$ 79,000	\$ 47,480	\$ 126,480
2022	84,000	42,480	126,480
2023	89,000	37,480	126,480
2024	95,000	31,480	126,480
2025	101,000	25,480	126,480
Thereafter	<u>373,572</u>	<u>37,928</u>	<u>411,500</u>
	<u>\$ 821,572</u>	<u>\$ 222,328</u>	<u>\$ 1,043,900</u>

The changes in note payable for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
At October 1	\$ 896,243	\$ 966,317
Payments	<u>(74,671)</u>	<u>(70,074)</u>
At September 30	\$ <u>821,572</u>	\$ <u>896,243</u>
Due within one year	\$ <u>79,000</u>	\$ <u>75,000</u>

(8) Other Noncurrent Liabilities

The changes in other long-term liabilities for the years ended September 30, 2020 and 2019 are as follows:

	<u>Balance</u> <u>October</u> <u>1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September</u> <u>30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 697,854	\$ 174,521	\$ -	\$ 872,375	\$ 96,901
Net pension liability	13,551,420	1,353,840	-	14,905,260	-
OPEB liability	<u>11,630,596</u>	<u>4,242,777</u>	-	<u>15,873,373</u>	-
	<u>\$ 25,879,870</u>	<u>\$ 5,771,138</u>	<u>\$ -</u>	<u>\$ 31,651,008</u>	<u>\$ 96,901</u>
	<u>Balance</u> <u>October</u> <u>1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September</u> <u>30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 434,288	\$ 263,566	\$ -	\$ 697,854	\$ 72,124
Net pension liability	12,312,864	1,238,556	-	13,551,420	-
OPEB liability	<u>14,924,532</u>	-	<u>(3,293,936)</u>	<u>11,630,596</u>	-
	<u>\$ 27,671,684</u>	<u>\$ 1,502,122</u>	<u>\$ (3,293,936)</u>	<u>\$ 25,879,870</u>	<u>\$ 72,124</u>

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(9) Commitments

Housing Assistance Payments:

At September 30, 2020 and 2019, GHURA had 2,581 and 2,571 voucher contracts, respectively, with dwelling owners, all of which are funded for a period of twelve months. Of the 2,503 and 2,419 vouchers leased-up, 112 and 107, respectively, were project-based vouchers located at the Summer Town Estate in Lada, Dededo. These units were 100% and 94% occupied with elderly families as of September 30, 2020 and 2019, respectively. HUD will fund the entire amount of assistance payments committed under these contracts.

Local Funds

Proceeds of \$460,000 from the sale of property have been committed for use in a construction project jointly agreed to by GovGuam and GHURA. A total of \$459,403 had been expended for the construction project prior to the fiscal year ended September 30, 2016. On October 13, 2014, Bill number 327-32 (COR) was signed into law (Public Law 32-194) that placed the custodianship, discretion, and purview of the GHURA 500 lot land sales under GHURA.

Construction Work-in-Progress

GHURA has entered into development stage contracts for certain programs. Ongoing and unliquidated contracts as of September 30, 2020 and 2019 are as follows:

	2020		
	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Community Development Block Grant	\$ 5,397,970	\$ (1,208,667)	\$ 4,189,303
Capital Fund Program	238,500	-	238,500
HOME Investment Partnership	71,100	-	71,100
Supportive Housing for the Elderly	<u>151,300</u>	<u>(125,128)</u>	<u>26,172</u>
	<u>\$ 5,858,870</u>	<u>\$ (1,333,795)</u>	<u>\$ 4,525,075</u>
	2019		
	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Community Development Block Grant	\$ 5,743,022	\$ (1,029,677)	\$ 4,713,345
Capital Fund Program	2,446,584	(1,676,309)	770,275
HOME Investment Partnership	747,221	(555,418)	191,803
Supportive Housing for the Elderly	240,300	(94,000)	146,300
Low Income Housing	<u>659,301</u>	<u>(653,301)</u>	<u>6,000</u>
	<u>\$ 9,836,428</u>	<u>\$ (4,008,705)</u>	<u>\$ 5,827,723</u>

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(10) Pensions

GHURA is statutorily responsible for providing pension benefits for GHURA employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of 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 GHURA, 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, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2019 are eligible to receive an annual ad hoc cost of living allowance (COLA).

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 Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2019 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,360
Inactive employees entitled to but not yet receiving benefits	3,162
Active employees	<u>4,850</u>
	15,372
DCRS members:	
Active employees	<u>6,286</u>
	<u>21,658</u>

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced $\frac{1}{2}$ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2018 actuarial valuation was used for determining the year ended September 30, 2020 statutory contributions. Member contributions are required at 9.52% of base pay.

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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

As a result of actuarial valuations performed as of September 30, 2018, 2017 and 2016, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2020, 2019 and 2018, respectively, have been determined as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Normal costs (% of DB Plan payroll)	13.86%	13.54%	15.97%
Employee contributions (DB Plan employees)	<u>9.52%</u>	<u>9.52%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>4.34%</u>	<u>4.02%</u>	<u>6.42%</u>
Employer portion of normal costs (% of total payroll)	2.39%	2.29%	1.60%
Unfunded liability cost (% of total payroll)	<u>20.70%</u>	<u>21.29%</u>	<u>22.12%</u>
Government contribution as a % of total payroll	<u>23.09%</u>	<u>23.58%</u>	<u>23.72%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>26.28%</u>	<u>26.56%</u>	<u>27.83%</u>
Employee	<u>9.52%</u>	<u>9.52%</u>	<u>9.55%</u>

GHURA's contributions to the DB Plan for the years ended September 30, 2020, 2019 and 2018 were \$886,974, \$887,110 and \$792,182, respectively, which were equal to the required contributions for the respective years then ended.

GHURA has recognized supplemental annuity benefit payments and the COLA payments as transfers from GovGuam for the years ended September 30, 2020, 2019 and 2018, totaling \$171,100, \$185,570 and \$187,808, respectively, which were equal to the statutorily required contributions for the respective years then ended.

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.

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay, which increased to 6.2% effective January 1, 2018. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2020 and 2019 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 DCRS, which increased to 6.2% effective January 1, 2018. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GHURA's contributions to the DCRS Plan for the years ended September 30, 2020, 2019 and 2018 were \$466,523, \$384,338 and \$447,374, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$356,540, \$294,620 and \$357,167 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2020, 2019 and 2018, respectively.

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(10) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2020 and 2019, GHURA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2019 and 2018, respectively, which is comprised of the following:

	<u>2020</u>	<u>2019</u>
Defined benefit plan	\$ 11,913,613	\$ 10,897,784
Ad hoc COLA/supplemental annuity plan for DB retirees	2,212,240	2,021,716
Ad hoc COLA plan for DCRS retirees	<u>779,407</u>	<u>631,920</u>
	<u>\$ 14,905,260</u>	<u>\$ 13,551,420</u>

GHURA's proportion of the GovGuam net pension liabilities was based on GHURA's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2020 and 2019, GHURA's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit plan	0.98%	0.92%
Ad hoc COLA/supplemental annuity plan for DB retirees	0.68%	0.70%
Ad hoc COLA plan for DCRS retirees	1.30%	1.28%

Pension Expense (Benefit): For the years ended September 30, 2020 and 2019, GHURA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit plan	\$ 334,327	\$ 236,689
Ad hoc COLA/supplemental annuity plan for DB retirees	46,563	86,786
Ad hoc COLA plan for DCRS retirees	<u>66,681</u>	<u>(197,129)</u>
	<u>\$ 447,571</u>	<u>\$ 126,346</u>

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(10) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred Outflows and Inflows of Resources: At September 30, 2020 and 2019, GHURA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 17,100	\$ 105,610	\$ 15,330	\$ 6,803	\$ 82,084	\$ 22,638
Net difference between projected and actual earnings on pension plan investments	418,921	-	-	-	-	-
Changes of assumptions	-	-	198,619	34,390	187,644	75,614
Contributions subsequent to the measurement date	1,243,514	-	143,100	-	28,000	-
Changes in proportion and difference between GHURA contributions and proportionate share of contributions	<u>858,005</u>	<u>-</u>	<u>20,386</u>	<u>30,983</u>	<u>229,497</u>	<u>25,636</u>
	<u>\$ 2,537,540</u>	<u>\$ 105,610</u>	<u>\$ 377,435</u>	<u>\$ 72,176</u>	<u>\$ 527,225</u>	<u>\$ 123,888</u>
	2019					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
	Difference between expected and actual experience	\$ 30,755	\$ -	\$ 29,911	\$ -	\$ 90,791
Net difference between projected and actual earnings on pension plan investments	-	195,363	-	-	-	-
Changes of assumptions	-	-	-	67,102	75,261	84,342
Contributions subsequent to the measurement date	1,181,730	-	159,570	-	26,000	-
Changes in proportion and difference between GHURA contributions and proportionate share of contributions	<u>733,306</u>	<u>-</u>	<u>38,919</u>	<u>-</u>	<u>249,605</u>	<u>29,009</u>
	<u>\$ 1,945,791</u>	<u>\$ 195,363</u>	<u>\$ 228,400</u>	<u>\$ 67,102</u>	<u>\$ 441,657</u>	<u>\$ 119,126</u>

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(10) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2020 will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Defined</u> <u>Benefit Plan</u>	<u>Ad Hoc COLA/SA</u> <u>Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan</u> <u>for DCRS Retirees</u>
2021	\$ 507,049	\$ 71,133	\$ 42,201
2022	254,886	70,049	42,201
2023	263,818	20,977	42,201
2024	162,663	-	42,201
2025	-	-	42,201
Thereafter	<u> </u>	<u> </u>	<u>164,332</u>
	<u>\$ 1,188,416</u>	<u>\$ 162,159</u>	<u>\$ 375,337</u>

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (14.58 years remaining as of September 30, 2018)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year
Total payroll growth:	2.75% per year
Salary Increases:	4% to 7.5%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

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(10) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ. The next experience study for the period October 1, 2015 to September 30, 2019 is scheduled to be performed prior the next year's valuation.

The investment rate assumption as of September 30, 2018 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>
U.S. Equities (large cap)	26.0%	6.81%
U.S. Equities (small cap)	4.0%	8.12%
Non-U.S. Equities	17.0%	8.33%
Non-U.S. Equities (emerging markets)	3.0%	10.28%
U.S. Fixed Income (aggregate)	24.0%	3.87%
Risk Parity	8.0%	5.56%
High Yield Bonds	8.0%	5.45%
Global Real Estate (REITs)	5.0%	8.01%
Master Limited Partnerships	5.0%	7.44%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2019 and 2018 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2019 was 2.66% (4.18% as of September 30, 2018), which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GHURA's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	\$ <u>15,040,349</u>	\$ <u>11,913,613</u>	\$ <u>9,222,984</u>

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(10) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Net Pension Liability	\$ <u>2,440,677</u>	\$ <u>2,212,240</u>	\$ <u>2,017,484</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Net Pension Liability	\$ <u>883,218</u>	\$ <u>779,407</u>	\$ <u>690,544</u>

(11) Other Post-Employment Benefits (OPEB)

GHURA participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. Because the OPEB 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.

Plan Membership: As of September 30, 2019 and 2018 (the respective measurement periods), OPEB plan membership consisted of the following as of September 30, 2018 (the actuarial valuation dates for both years):

	<u>2019</u>	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefits	7,462	7,930
Active plan members	<u>10,832</u>	<u>10,136</u>
Total plan members	<u>18,294</u>	<u>18,066</u>

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(11) Other Post-Employment Benefits (OPEB), Continued

A. General Information About the OPEB Plan, Continued:

Benefits Provided: The OPEB Plan provides post employment medical, dental and life insurance benefits to GHURA retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GHURA contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

During the years ended September 30, 2020, 2019 and 2018, GHURA recognized certain on-behalf payments as transfers from GovGuam, totaling \$219,844, \$228,999 and \$258,531, respectively, representing certain healthcare benefits that GovGuam’s General Fund paid directly on behalf of GHURA retirees and were equivalent to the required contribution for those years.

B. Total OPEB Liability:

As of September 30, 2020 and 2019, GHURA reported a total OPEB liability of \$15,873,373 and \$11,630,596, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2019 and 2018. The following presents GHURA’s proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2018	<u>0.62%</u>
Proportion at measurement date, September 30, 2019	<u>0.62%</u>
Increase in proportion	<u>0.00%</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Notes to Financial Statements
September 30, 2020 and 2019

(11) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2019 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years.
Healthcare cost trend rates:	For 2019, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year. Medical trend rates are applied to retiree contributions, Medicare Part B and Medicare Part D premium reimbursements.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.

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Notes to Financial Statements
September 30, 2020 and 2019

(11) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females).
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

Discount rate: The discount rate used to measure the total OPEB liability was 2.66% as of September 30, 2019 (4.18% as of September 30, 2018). The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.66% municipal bond rate as of September 30, 2019 (4.18% as of September 30, 2018) was applied to all periods to determine the total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2020 and 2019, an OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

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Notes to Financial Statements
September 30, 2020 and 2019

(11) Other Post-Employment Benefits (OPEB), Continued

C. Changes in the Total OPEB Liability:

Changes in GHURA's proportionate share of the total OPEB liability for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ <u>11,630,596</u>	\$ <u>14,924,532</u>
Changes for the year:		
Service cost	612,534	772,295
Interest	505,950	565,102
Change of assumptions	3,529,030	(1,104,386)
Change in proportionate share	(126,609)	(28,187)
Differences between expected and actual experience	-	(3,240,229)
Benefit payments	<u>(278,128)</u>	<u>(258,531)</u>
Net change	<u>4,242,777</u>	<u>(3,293,936)</u>
Balance at end of the year	\$ <u>15,873,373</u>	\$ <u>11,630,596</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GHURA's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Total OPEB Liability	\$ <u>18,960,524</u>	\$ <u>15,873,373</u>	\$ <u>13,419,707</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GHURA's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	\$ <u>12,898,859</u>	\$ <u>15,873,373</u>	\$ <u>19,814,599</u>

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Notes to Financial Statements
September 30, 2020 and 2019

(11) Other Post-Employment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended September 30, 2020 and 2019, GHURA reported total OPEB expense of \$657,508 and \$487,302, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2019 and 2018. At September 30, 2020 and 2019, GHURA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 3,460,081	\$ 1,480,044	\$ 842,358	\$ 1,930,263
Differences between expected and actual experience	-	2,081,184	-	2,658,500
Contributions subsequent to the measurement date	219,844	-	228,999	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>268,368</u>	<u>-</u>	<u>319,202</u>	<u>-</u>
	<u>\$ 3,948,293</u>	<u>\$ 3,561,228</u>	<u>\$ 1,390,559</u>	<u>\$ 4,588,763</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2020 will be recognized in OPEB expense as follows:

<u>Year Ending September 30</u>	
2021	\$ (44,611)
2022	(44,611)
2023	(340,580)
2024	196,761
2025	<u>400,262</u>
	<u>\$ 167,221</u>

(12) Risk Management

GHURA 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. GHURA maintains commercial insurance to provide for claims arising from most of these risks except for typhoon insurance.

Beginning in fiscal year 2005, GHURA 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 GHURA 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, GHURA must replenish the escrow account on an annual basis to maintain the \$1 million minimum balance. As of September 30, 2020 and 2019, GHURA had deposited \$1,032,706 and \$1,031,578, respectively, into the typhoon coverage escrow account.

There were no material losses sustained because of GHURA's risk management practices.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Notes to Financial Statements
September 30, 2020 and 2019

(13) Contingencies

Federal Award Programs and HUD

GHURA 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 (HUD). Cumulative questioned costs of \$0 and \$7,102 exist from these audits as of September 30, 2020 and 2019, respectively. The questioned costs will be resolved by the applicable grantor agency and due to GHURA'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.

During fiscal year 2015, GHURA received a letter from the HUD dated May 26, 2015 informing GHURA of HUD's DEC on-site review whose report was dated February 20, 2015. Based on the results of the on-site review, several instances of conflict of interest were cited including one pertaining to GHURA's prior legal counsel who was a landlord with the Section Housing 8 HCV while serving as legal counsel for GHURA. DEC recommended that GHURA repay \$577,626 from its non-federal funds for the amounts paid to the attorney as a landlord and for legal services paid while serving as legal counsel to GHURA. The report is under review with HUD's Honolulu Field Office and shared with GHURA for further discussions. No decisions have been made at this time.

During fiscal year 2004, GHURA transferred \$1,700,940 from its HCV Program's unrestricted net assets to its Low Rent Public Housing Program to construct a new building for its central operations. GHURA spent approximating \$295,000; however, the new building was not constructed. DEC is recommending that GHURA use non-federal funds repay \$1,405,940 to the HCV Program for the unused funds. The report is under review with HUD's Honolulu Field Office and shared with GHURA for further discussions. No decisions have been made at this time. Therefore, no liability that may ultimately arise from these matters have been recorded in the accompanying financial statements.

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.

GHURA is involved in a pending litigation filed on September 13, 2019 for an alleged retaliatory firing of an employee. The plaintiff is seeking for reinstatement to his former position, back wages, interests and compensation for special damages. The plaintiff was rehired in the same position during fiscal year 2019.

(14) Economic Dependency

For the years ended September 30, 2020 and 2019, HUD provided to GHURA \$46.34 million and \$42.89 million, respectively, which represent approximately 98% and 97% of GHURA's total operating and capital grant revenues, respectively.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Defined Benefit Plan

	2020	2019	2018	2017	2016	2015	2014
Total net pension liability	\$ 1,214,462,675	\$ 1,179,192,550	\$ 1,142,249,393	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754	\$ 1,303,304,636
GHURA's proportionate share of the net pension liability	\$ 11,913,613	\$ 10,897,784	\$ 9,526,027	\$ 11,293,296	\$ 11,754,627	\$ 9,785,625	\$ 11,952,878
GHURA's proportion of the net pension liability	0.98%	0.92%	0.83%	0.83%	0.82%	0.79%	0.92%
GHURA's covered-employee payroll**	\$ 4,998,061	\$ 4,749,017	\$ 4,239,078	\$ 4,177,889	\$ 4,183,506	\$ 4,404,881	\$ 4,244,960
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	238.36%	229.47%	224.72%	270.31%	280.98%	222.15%	281.58%
Plan fiduciary net position as a percentage of the total pension liability	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2020	2019	2018	2017	2016
Total net pension liability***	\$ 324,192,725	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
GHURA's proportionate share of the net pension liability	\$ 2,212,240	\$ 2,021,716	\$ 1,952,207	\$ 1,522,308	\$ 1,485,317
GHURA's proportion of the net pension liability	0.68%	0.70%	0.68%	0.66%	0.63%
GHURA's covered-employee payroll**	\$ 3,476,732	\$ 3,583,923	\$ 3,443,754	\$ 3,358,707	\$ 3,221,129
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	63.63%	56.41%	56.69%	45.32%	46.11%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	2020	2019	2018	2017	2016
Total net pension liability***	\$ 59,884,407	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GHURA's proportionate share of the net pension liability	\$ 779,407	\$ 631,920	\$ 834,630	\$ 520,758	\$ 434,878
GHURA's proportion of the net pension liability	1.30%	1.28%	1.34%	0.84%	0.83%
GHURA's covered-employee payroll**	\$ 3,065,146	\$ 3,387,094	\$ 5,036,022	\$ 3,081,842	\$ 2,969,758
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	25.43%	18.66%	16.57%	16.90%	14.64%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 1,244,540	\$ 1,181,730	\$ 1,040,659	\$ 1,168,865	\$ 1,134,630	\$ 1,134,630	\$ 1,134,630
Contribution in relation to the statutorily determined contribution	<u>1,192,443</u>	<u>1,255,496</u>	<u>1,044,757</u>	<u>1,026,636</u>	<u>1,100,398</u>	<u>1,052,968</u>	<u>1,116,118</u>
Contribution (excess) deficiency	\$ 52,097	\$ (73,766)	\$ (4,098)	\$ 142,229	\$ 34,232	\$ 81,662	\$ 18,512
GHURA's covered-employee payroll **	<u>\$ 4,998,061</u>	<u>\$ 4,749,017</u>	<u>\$ 4,239,078</u>	<u>\$ 4,177,889</u>	<u>\$ 4,183,506</u>	<u>\$ 4,404,881</u>	<u>\$ 4,244,960</u>
Contribution as a percentage of covered-employee payroll	23.86%	26.44%	24.65%	24.57%	26.30%	23.90%	26.29%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016
Total OPEB liability**:					
Service cost	\$ 612,534	\$ 772,295	\$ 865,827	\$ 698,974	Not Available
Interest	505,950	565,102	491,053	495,051	Not Available
Change of assumptions	3,529,030	(1,104,386)	(1,532,055)	1,598,939	Not Available
Change in proportionate share	(126,609)	(28,187)	30,317	-	Not Available
Differences between expected and actual experience	-	(3,240,229)	-	-	Not Available
Benefit payments	<u>(278,128)</u>	<u>(258,531)</u>	<u>(245,526)</u>	<u>(245,526)</u>	Not Available
Net change in total OPEB liability	4,242,777	(3,293,936)	(390,384)	2,547,438	
Total OPEB liability - beginning	<u>11,630,596</u>	<u>14,924,532</u>	<u>15,314,916</u>	<u>\$ 12,767,478</u>	Not Available
Total OPEB liability - ending	<u>\$ 15,873,373</u>	<u>\$ 11,630,596</u>	<u>\$ 14,924,532</u>	<u>\$ 15,314,916</u>	<u>\$ 12,767,478</u>
Covered payroll as of valuation date	<u>\$ 4,739,363</u>	<u>\$ 5,008,944</u>	<u>\$ 3,794,652</u>	<u>\$ 3,794,652</u>	
Total OPEB liability as a percentage of covered employee payroll	334.93%	232.20%	393.30%	403.59%	

Notes to schedule:

<i>Discount rate</i>	2.66%	4.18%	3.63%	3.058%	3.71%
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Changes of benefit terms:

None

Changes of assumptions:

Discount rate has changed from respective measurement dates

* Information for 2011 - 2016 is not available

** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2020	2019	2018	2017
Total OPEB liability **	\$ 2,553,523,376	\$ 1,874,970,335	\$ 2,431,048,672	\$ 2,532,753,040
GHURA's proportion of the total OPEB Liability	\$ 15,873,373	\$ 11,630,596	\$ 14,924,532	\$ 15,314,916
GHURA's proportion of the total OPEB Liability	0.62%	0.62%	0.61%	0.60%
GHURA's covered-employee payroll	4,739,363	5,008,944	3,794,652	3,794,652
GHURA's proportionate share of the total OPEB Liability as a percentage of its covered employee payroll	334.93%	232.20%	393.30%	403.59%

* Information for 2011 - 2016 is not available

** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Required Supplemental Information (Unaudited)
Schedule of OPEB Employer Contributions
Last 10 Fiscal Years*

	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,325,418	\$ 1,625,198	\$ 1,679,498	\$ 1,437,562
Contributions in relation to the actuarially determined contribution	<u>278,128</u>	<u>258,531</u>	<u>245,526</u>	<u>245,526</u>
Contribution deficiency	<u>\$ 1,047,290</u>	<u>\$ 1,366,667</u>	<u>\$ 1,433,972</u>	<u>\$ 1,192,036</u>
Covered payroll as of valuation date	<u>\$ 4,739,363</u>	<u>\$ 5,008,944</u>	<u>\$ 3,794,652</u>	<u>\$ 3,794,652</u>
Contributions as a percentage of covered employee payroll	5.87%	5.16%	6.47%	6.47%

Notes to Schedule

Valuation date: Actuarially determined contributions rates are calculated as of September 30, 2018.

Method and assumptions used to determine contributions rates:

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period
Amortization period:	30 years
Inflation:	2.75%
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years
Salary increase:	4% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disable Mortality Table, set forward 6 years and 4 years for males and females, respectively.

* Information for 2011 - 2016 is not available

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Schedule of Salaries, Wages and Benefits (Unaudited)
Years Ended September 30, 2020 and 2019

	2020	2019
Salaries	\$ 5,222,709	\$ 4,863,804
Retirement benefits	1,405,842	1,282,770
Benefits other than retirement	376,300	350,017
Overtime pay	129,225	117,783
Total salaries, wages and benefits	\$ 7,134,076	\$ 6,614,374
Employees at end of year	98	100

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, 2020 and 2019.

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Combining Statements of Net Position
September 30, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ 2,240,532	\$ 12,001,952	\$ 742,438	\$ -	\$ 14,984,922
Cash and cash equivalents - restricted	-	2,172,317	7,560	-	2,179,877
Receivables, net:					
Due from other funds	323,187	1,475,385	5,401,974	(7,200,546)	-
HUD	235,984	1,215,131	-	-	1,451,115
Notes receivable - current	-	112,084	224,647	-	336,731
Tenants	133,676	38,046	29,900	-	201,622
Other government	-	-	9,774	-	9,774
Accrued interest receivable	-	12,036	1	-	12,037
Miscellaneous	302,289	-	63,160	-	365,449
Allowance for doubtful accounts	(5,228)	(57,514)	(194,030)	-	(256,772)
Prepayments and other current assets	-	15,903	80,752	-	96,655
Inventory	14,716	291,123	-	-	305,839
Total current assets	<u>3,245,156</u>	<u>17,276,463</u>	<u>6,366,176</u>	<u>(7,200,546)</u>	<u>19,687,249</u>
Noncurrent assets:					
Notes receivable, net of current portion	-	4,227,528	169,980	-	4,397,508
Capital assets:					
Depreciable assets, net of accumulated depreciation	9,524,603	3,493,874	502,863	-	13,521,340
Non-depreciable assets	1,505,128	2,453,292	165,105	-	4,123,525
Other real estate	-	-	2,636,152	-	2,636,152
Total noncurrent assets	<u>11,029,731</u>	<u>10,174,694</u>	<u>3,474,100</u>	<u>-</u>	<u>24,678,525</u>
Total assets	<u>14,274,887</u>	<u>27,451,157</u>	<u>9,840,276</u>	<u>(7,200,546)</u>	<u>44,365,774</u>
Deferred outflows of resources:					
Pension	912,166	1,707,631	822,403	-	3,442,200
OPEB	907,236	2,125,147	915,910	-	3,948,293
Total deferred outflows of resources	<u>1,819,402</u>	<u>3,832,778</u>	<u>1,738,313</u>	<u>-</u>	<u>7,390,493</u>
Total assets and deferred outflows of resources	<u>\$ 16,094,289</u>	<u>\$ 31,283,935</u>	<u>\$ 11,578,589</u>	<u>\$ (7,200,546)</u>	<u>\$ 51,756,267</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>					
Current liabilities:					
Accounts payable and other deposits	\$ 8,952	\$ 11,660	\$ 2,010,764	\$ -	\$ 2,031,376
Due to HUD	16,332	-	-	-	16,332
Due to other funds	1,463,368	2,306,455	3,430,723	(7,200,546)	-
Current portion of accrued compensated absences	21,598	45,041	30,262	-	96,901
Current portion of note payable	79,000	-	-	-	79,000
Accrued payroll and other liabilities	24,943	58,475	178,903	-	262,321
Unearned revenues	372,886	1,156,509	28,420	-	1,557,815
Security and escrow deposits	234,765	161,836	3,173	-	399,774
Other current liabilities	24,323	916	156,548	-	181,787
Total current liabilities	<u>2,246,167</u>	<u>3,740,892</u>	<u>5,838,793</u>	<u>(7,200,546)</u>	<u>4,625,306</u>
Accrued compensated absences, net of current portion	181,032	400,126	194,316	-	775,474
Note payable, net of current portion	742,572	-	-	-	742,572
Net pension liability	4,219,016	7,072,048	3,614,196	-	14,905,260
OPEB liability	3,647,370	8,543,757	3,682,246	-	15,873,373
Total liabilities	<u>11,036,157</u>	<u>19,756,823</u>	<u>13,329,551</u>	<u>(7,200,546)</u>	<u>36,921,985</u>
Deferred inflows of resources:					
Pension	66,037	166,303	69,334	-	301,674
OPEB	818,298	1,916,810	826,120	-	3,561,228
Total deferred inflows of resources	<u>884,335</u>	<u>2,083,113</u>	<u>895,454</u>	<u>-</u>	<u>3,862,902</u>
Net position:					
Net investment in capital assets	10,208,159	5,947,166	3,304,120	-	19,459,445
Restricted	896,957	17,382,677	-	-	18,279,634
Unrestricted	<u>(6,931,319)</u>	<u>(13,885,844)</u>	<u>(5,950,536)</u>	<u>-</u>	<u>(26,767,699)</u>
Total net position	<u>4,173,797</u>	<u>9,443,999</u>	<u>(2,646,416)</u>	<u>-</u>	<u>10,971,380</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 16,094,289</u>	<u>\$ 31,283,935</u>	<u>\$ 11,578,589</u>	<u>\$ (7,200,546)</u>	<u>\$ 51,756,267</u>

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2020

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total
Operating revenues:					
HUD PHA Operating Grants	\$ 36,016,834	\$ 8,705,652	\$ -	\$ -	\$ 44,722,486
Tenant rental income	103,574	645,886	-	-	749,460
Management fees	-	-	1,170,155	(1,170,155)	-
Asset management fees	-	-	90,000	(90,000)	-
Bookkeeping fees	-	-	288,817	(288,817)	-
Other income	800	221,005	137,706	-	359,511
Total operating revenues	<u>36,121,208</u>	<u>9,572,543</u>	<u>1,686,678</u>	<u>(1,548,972)</u>	<u>45,831,457</u>
Operating expenses:					
Housing assistance payments	32,382,649	116,073	-	-	32,498,722
Salaries and wages	1,484,484	1,877,569	1,306,401	-	4,668,454
Depreciation	1,326,778	2,021,230	83,185	-	3,431,193
Employee benefits	894,637	970,823	362,353	-	2,227,813
Other administrative expenses	310,275	1,598,572	121,649	-	2,030,496
Repairs and maintenance	28,723	1,709,352	50,363	-	1,788,438
Retiree healthcare costs and other pension benefits	128,674	461,527	458,251	-	1,048,452
Utilities	192,524	233,712	66,526	-	492,762
Office expense	118,170	144,329	30,699	-	293,198
Compensated absences	38,485	72,388	63,649	-	174,522
Insurance	16,451	127,571	20,006	-	164,028
Professional fees	63,021	22,658	67,937	-	153,616
Bad debts expense	2,458	48,264	6,100	-	56,822
Protective services	-	44,060	-	-	44,060
Payments in lieu of taxes	-	32,897	-	-	32,897
Advertising	11,262	5,879	3,293	-	20,434
Management fees	560,827	609,328	-	(1,170,155)	-
Bookkeeping fees	222,682	66,135	-	(288,817)	-
Asset management fees	-	90,000	-	(90,000)	-
Total operating expenses	<u>37,782,100</u>	<u>10,252,367</u>	<u>2,640,412</u>	<u>(1,548,972)</u>	<u>49,125,907</u>
Operating loss	<u>(1,660,892)</u>	<u>(679,824)</u>	<u>(953,734)</u>	<u>-</u>	<u>(3,294,450)</u>
Nonoperating revenues (expenses):					
Contributions from GovGuam for retiree benefits	-	-	390,944	-	390,944
Fraud recovery	30,390	-	-	-	30,390
Interest income	-	13,466	316	-	13,782
Other income	48,091	11,437	500	-	60,028
Interest expense	(51,809)	-	-	-	(51,809)
Total nonoperating revenues, net	<u>26,672</u>	<u>24,903</u>	<u>391,760</u>	<u>-</u>	<u>443,335</u>
Loss before capital grants and contributions	<u>(1,634,220)</u>	<u>(654,921)</u>	<u>(561,974)</u>	<u>-</u>	<u>(2,851,115)</u>
Capital grants and contributions:					
Federal grants	677,540	-	-	-	677,540
Change in net position	(956,680)	(654,921)	(561,974)	-	(2,173,575)
Net position at the beginning of the year	5,130,477	10,098,920	(2,084,442)	-	13,144,955
Net position at the end of the year	<u>\$ 4,173,797</u>	<u>\$ 9,443,999</u>	<u>\$ (2,646,416)</u>	<u>\$ -</u>	<u>\$ 10,971,380</u>

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Major Enterprise Funds
September 30, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Section 8 Housing Choice Voucher	Public Housing Capital Fund Program	Supportive Housing for the Elderly	Total
Current assets:				
Cash and cash equivalents	\$ 1,493,070	\$ -	\$ 747,462	\$ 2,240,532
Receivables, net:				
Due from other funds	2,888	320,575	(276)	323,187
HUD	(40,647)	276,631	-	235,984
Tenants	132,169	-	1,507	133,676
Miscellaneous	302,289	-	-	302,289
Allowance for doubtful accounts	-	-	(5,228)	(5,228)
Inventory	-	-	14,716	14,716
Total current assets	<u>1,889,769</u>	<u>597,206</u>	<u>758,181</u>	<u>3,245,156</u>
Noncurrent assets:				
Capital assets:				
Depreciable assets, net of accumulated depreciation	217,758	8,810,029	496,816	9,524,603
Non-depreciable assets	-	-	1,505,128	1,505,128
Total noncurrent assets	<u>217,758</u>	<u>8,810,029</u>	<u>2,001,944</u>	<u>11,029,731</u>
Total assets	<u>2,107,527</u>	<u>9,407,235</u>	<u>2,760,125</u>	<u>14,274,887</u>
Deferred outflows of resources:				
Pension	864,576	-	47,590	912,166
OPEB	832,198	-	75,038	907,236
Total deferred outflows of resources	<u>1,696,774</u>	<u>-</u>	<u>122,628</u>	<u>1,819,402</u>
Total assets and deferred outflows of resources	<u>\$ 3,804,301</u>	<u>\$ 9,407,235</u>	<u>\$ 2,882,753</u>	<u>\$ 16,094,289</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>				
Current liabilities:				
Accounts payable and other deposits	\$ (24,674)	\$ -	\$ 33,626	\$ 8,952
Due to HUD	16,332	-	-	16,332
Due to other funds	1,109,324	167,767	186,277	1,463,368
Current portion of accrued compensated absences	20,146	-	1,452	21,598
Current portion of note payable	-	-	79,000	79,000
Accrued payroll and other liabilities	20,900	2,395	1,648	24,943
Unearned revenues	66,913	305,973	-	372,886
Security and escrow deposits	221,294	-	13,471	234,765
Other current liabilities	-	-	24,323	24,323
Total current liabilities	<u>1,430,235</u>	<u>476,135</u>	<u>339,797</u>	<u>2,246,167</u>
Accrued compensated absences, net of current portion	165,955	-	15,077	181,032
Note payable, net of current portion	-	-	742,572	742,572
Net pension liability	4,052,536	-	166,480	4,219,016
OPEB liability	3,345,694	-	301,676	3,647,370
Total liabilities	<u>8,994,420</u>	<u>476,135</u>	<u>1,565,602</u>	<u>11,036,157</u>
Deferred inflows of resources:				
Pension	59,820	-	6,217	66,037
OPEB	750,616	-	67,682	818,298
Total deferred inflows of resources	<u>810,436</u>	<u>-</u>	<u>73,899</u>	<u>884,335</u>
Net position:				
Net investment in capital assets	217,758	8,810,029	1,180,372	10,208,159
Restricted	293,579	121,071	482,307	896,957
Unrestricted	(6,511,892)	-	(419,427)	(6,931,319)
Total net position	<u>(6,000,555)</u>	<u>8,931,100</u>	<u>1,243,252</u>	<u>4,173,797</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,804,301</u>	<u>\$ 9,407,235</u>	<u>\$ 2,882,753</u>	<u>\$ 16,094,289</u>

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Major Enterprise Funds
Year Ended September 30, 2020

	Section 8 Housing Choice Voucher	Public Housing Capital Fund Program	Supportive Housing for the Elderly	Total
Operating revenues:				
HUD PHA Operating Grants	\$ 34,488,737	\$ 905,466	\$ 622,631	\$ 36,016,834
Tenant rental income	-	-	103,574	103,574
Other income	-	800	-	800
Total operating revenues	34,488,737	906,266	726,205	36,121,208
Operating expenses:				
Housing assistance payments	32,382,649	-	-	32,382,649
Salaries and wages	1,161,362	221,580	101,542	1,484,484
Depreciation	46,158	1,167,772	112,848	1,326,778
Employee benefits	697,303	71,686	125,648	894,637
Other administrative expenses	284,377	798	25,100	310,275
Repairs and maintenance	40	-	28,683	28,723
Retiree healthcare costs and other pension benefits	110,987	-	17,687	128,674
Utilities	3,031	-	189,493	192,524
Office expense	109,746	13	8,411	118,170
Compensated absences	39,942	-	(1,457)	38,485
Insurance	10,266	-	6,185	16,451
Professional fees	61,517	-	1,504	63,021
Bad debts expense	-	-	2,458	2,458
Advertising	6,919	4,041	302	11,262
Management fees	519,436	-	41,391	560,827
Bookkeeping fees	222,682	-	-	222,682
Total operating expenses	35,656,415	1,465,890	659,795	37,782,100
Operating (loss) income	(1,167,678)	(559,624)	66,410	(1,660,892)
Nonoperating revenues (expenses):				
Fraud recovery	30,390	-	-	30,390
Other income	44,718	-	3,373	48,091
Interest expense	-	-	(51,809)	(51,809)
Total nonoperating revenues (expenses), net	75,108	-	(48,436)	26,672
(Loss) income before capital grants and contributions	(1,092,570)	(559,624)	17,974	(1,634,220)
Capital grants and contributions:				
Federal grants	-	677,540	-	677,540
Change in net position	(1,092,570)	117,916	17,974	(956,680)
Net position at the beginning of the year	(4,907,985)	8,813,184	1,225,278	5,130,477
Net position at the end of the year	\$ (6,000,555)	\$ 8,931,100	\$ 1,243,252	\$ 4,173,797

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Non-Major Enterprise Funds
September 30, 2020

	Section 8 Housing Choice Voucher - Mainstream	Section 8 Housing Choice Voucher - CARES	Community Development Block Grant	Low Income Housing	Low Income Housing - CARES	HOME Investment Partnerships Program	Continuum of Care Program	Emergency Solutions Grants Program	Emergency Solutions Grants Program - CARES	Resident Opportunities and Supportive Services	Multifamily Housing Service Coordinator	Primary Care Health Center Program	Economic, Social, Political and Development of the Territories	Family Self-Sufficiency Program	Neighborhood Stabilization	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES																
Current assets:																
Cash and cash equivalents	\$ -	\$ -	\$ 14,053	\$ 11,338,543	\$ -	\$ 649,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,001,952
Cash and cash equivalents - restricted	-	1,147,170	-	1,025,147	-	-	-	-	-	-	-	-	-	-	-	2,172,317
Receivables, net:																
Due from other funds	-	-	100	1,467,534	-	-	-	-	-	-	-	-	-	-	7,751	1,475,385
HUD	-	-	683,734	280	27,715	146,297	67,491	78,452	901	31,875	57,317	-	-	121,069	-	1,215,131
Notes receivable - current	-	-	2,278	-	-	109,806	-	-	-	-	-	-	-	-	-	112,084
Tenants	-	-	14,943	23,053	-	50	-	-	-	-	-	-	-	-	-	38,046
Accrued interest receivable	-	-	-	20	-	12,016	-	-	-	-	-	-	-	-	-	12,036
Allowance for doubtful accounts	-	-	(12,301)	(31,178)	-	(14,035)	-	-	-	-	-	-	-	-	-	(57,514)
Prepayments and other current assets	-	-	-	15,903	-	-	-	-	-	-	-	-	-	-	-	15,903
Inventory	-	-	-	291,123	-	-	-	-	-	-	-	-	-	-	-	291,123
Total current assets	-	1,147,170	702,807	14,130,425	27,715	903,490	67,491	78,452	901	31,875	57,317	-	-	121,069	7,751	17,276,463
Noncurrent assets:																
Notes receivable, net of current portion	-	-	91,453	-	-	4,136,075	-	-	-	-	-	-	-	-	-	4,227,528
Capital assets:																
Depreciable assets, net of accumulated depreciation	-	-	124,098	3,369,776	-	-	-	-	-	-	-	-	-	-	-	3,493,874
Non-depreciable assets	-	-	-	2,130,777	-	322,515	-	-	-	-	-	-	-	-	-	2,453,292
Total noncurrent assets	-	-	215,551	5,500,553	-	4,458,590	-	-	-	-	-	-	-	-	-	10,174,694
Total assets	-	1,147,170	918,358	19,630,978	27,715	5,362,080	67,491	78,452	901	31,875	57,317	-	-	121,069	7,751	27,451,157
Deferred outflows of resources:																
Pension	-	-	550,556	928,376	-	146,351	-	-	-	11,798	10,427	-	-	60,123	-	1,707,631
OPEB	-	-	557,489	1,292,709	-	148,193	-	-	-	30,911	27,318	-	-	68,527	-	2,125,147
Total deferred outflows of resources	-	-	1,108,045	2,221,085	-	294,544	-	-	-	42,709	37,745	-	-	128,650	-	3,832,778
Total assets and deferred outflows of resources	\$ -	\$ 1,147,170	\$ 2,026,403	\$ 21,852,063	\$ 27,715	\$ 5,656,624	\$ 67,491	\$ 78,452	\$ 901	\$ 74,584	\$ 95,062	\$ -	\$ -	\$ 249,719	\$ 7,751	\$ 31,283,935
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION																
Current liabilities:																
Accounts payable and other deposits	\$ (882)	\$ -	\$ 1,978	\$ 10,545	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,660
Due to other funds	2,888	-	678,876	1,010,843	27,715	263,850	67,115	78,043	901	21,311	40,116	295	600	106,753	7,149	2,306,455
Current portion of accrued compensated absences	-	-	9,562	29,317	-	3,906	-	-	-	357	1,374	-	-	525	-	45,041
Accrued payroll and other liabilities	-	-	7,109	41,157	-	2,366	376	409	-	1,183	614	-	-	5,261	-	58,475
Unearned revenues	7,393	1,147,170	646	-	-	-	-	-	-	-	-	-	1,300	-	-	1,156,509
Security and escrow deposits	-	-	2,387	153,174	-	6,275	-	-	-	-	-	-	-	-	-	161,836
Other current liabilities	-	-	916	-	-	-	-	-	-	-	-	-	-	-	-	916
Total current liabilities	9,399	1,147,170	700,558	1,245,952	27,715	276,416	67,491	78,452	901	22,851	42,104	295	1,900	112,539	7,149	3,740,892
Accrued compensated absences, net of current portion	-	-	74,475	261,341	-	30,420	-	-	-	3,633	23,323	-	-	6,934	-	400,126
Net pension liability	-	-	2,527,289	3,578,910	-	671,812	-	-	-	17,441	15,414	-	-	261,182	-	7,072,048
OPEB liability	-	-	2,241,280	5,197,094	-	595,783	-	-	-	124,274	109,826	-	-	275,500	-	8,543,757
Total liabilities	9,399	1,147,170	5,543,602	10,283,297	27,715	1,574,431	67,491	78,452	901	168,199	190,667	295	1,900	656,155	7,149	19,756,823
Deferred inflows of resources:																
Pension	-	-	40,847	104,151	-	10,858	-	-	-	2,772	2,450	-	-	5,225	-	166,303
OPEB	-	-	502,836	1,165,979	-	133,665	-	-	-	27,881	24,640	-	-	61,809	-	1,916,810
Total deferred inflows of resources	-	-	543,683	1,270,130	-	144,523	-	-	-	30,653	27,090	-	-	67,034	-	2,083,113
Net position:																
Net investment in capital assets	-	-	124,098	5,500,553	-	322,515	-	-	-	-	-	-	-	-	-	5,947,166
Restricted	-	-	19,227	12,623,132	-	4,732,729	-	-	-	5,391	-	-	-	1,596	602	17,382,677
Unrestricted	(9,399)	-	(4,204,207)	(7,825,049)	-	(1,117,574)	-	-	-	(129,659)	(122,695)	(295)	(1,900)	(475,066)	-	(13,885,844)
Total net position	(9,399)	-	(4,060,882)	10,298,636	-	3,937,670	-	-	-	(124,268)	(122,695)	(295)	(1,900)	(473,470)	602	9,443,999
Total liabilities, deferred inflows of resources and net position	\$ -	\$ 1,147,170	\$ 2,026,403	\$ 21,852,063	\$ 27,715	\$ 5,656,624	\$ 67,491	\$ 78,452	\$ 901	\$ 74,584	\$ 95,062	\$ -	\$ -	\$ 249,719	\$ 7,751	\$ 31,283,935

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Non-Major Enterprise Funds
Year Ended September 30, 2020

	Section 8 Housing Choice Voucher - Mainstream	Section 8 Housing Choice Voucher - CARES	Community Development Block Grant	Low Income Housing	Low Income Housing - CARES	HOME Investment Partnerships Program	Continuum of Care Program	Emergency Solutions Grants Program	Emergency Solutions Grants Program - CARES	Resident Opportunities and Supportive Services	Multifamily Housing Service Coordinator	Primary Care Health Center Program	Economic, Social, Political and Development of the Territories	Family Self-Sufficiency Program	Neighborhood Stabilization	Total
Operating revenues:																
HUD PHA Operating Grants	\$ 28,009	\$ 10,766	\$ 1,446,620	\$ 5,798,628	\$ 27,715	\$ 253,459	\$ 706,630	\$ 244,222	\$ 901	\$ 34,351	\$ 25,347	\$ -	\$ -	\$ 129,004	\$ -	\$ 8,705,652
Tenant rental income	-	-	14,659	610,502	-	20,725	-	-	-	-	-	-	-	-	-	645,886
Other income	-	-	190,260	57,833	-	(27,088)	-	-	-	-	-	-	-	-	-	221,005
Total operating revenues	28,009	10,766	1,651,539	6,466,963	27,715	247,096	706,630	244,222	901	34,351	25,347	-	-	129,004	-	9,572,543
Operating expenses:																
Housing assistance payments	116,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,073
Salaries and wages	-	3,872	424,340	1,100,503	14,618	119,567	33,672	18,872	687	20,655	36,271	-	-	104,512	-	1,877,569
Depreciation	-	-	13,251	2,007,979	-	-	-	-	-	-	-	-	-	-	-	2,021,230
Employee benefits	-	162	209,199	609,159	4,964	56,819	10,880	6,084	214	7,588	15,063	-	-	50,691	-	970,823
Other administrative expenses	-	-	532,245	179,259	-	2,577	662,052	219,186	-	1,255	1,998	-	-	-	-	1,598,572
Repairs and maintenance	-	-	526,326	940,104	759	242,163	-	-	-	-	-	-	-	-	-	1,709,352
Retiree healthcare costs and other pension benefits	-	-	35,914	394,284	-	9,547	-	-	-	27,548	19,442	-	-	(25,208)	-	461,527
Utilities	-	-	-	233,712	-	-	-	-	-	-	-	-	-	-	-	233,712
Office expense	-	5,338	19,134	109,031	5,542	2,709	26	8	-	2,541	-	-	-	-	-	144,329
Compensated absences	-	-	10,593	64,907	-	4,357	-	-	-	2,094	(3,483)	-	-	-	-	72,388
Insurance	-	-	4,883	121,812	-	876	-	-	-	-	-	-	-	(6,080)	-	127,571
Professional fees	-	685	11,677	7,521	1,123	1,652	-	-	-	-	-	-	-	-	-	22,658
Bad debts (recovery) expense	-	-	(2,105)	38,567	-	11,802	-	-	-	-	-	-	-	-	-	48,264
Protective services	-	-	-	44,060	-	-	-	-	-	-	-	-	-	-	-	44,060
Payments in lieu of taxes	-	-	-	32,897	-	-	-	-	-	-	-	-	-	-	-	32,897
Advertising	-	-	1,899	3,565	-	343	-	72	-	-	-	-	-	-	-	5,879
Management fees	-	709	-	607,910	709	-	-	-	-	-	-	-	-	-	-	609,328
Bookkeeping fees	-	-	-	66,135	-	-	-	-	-	-	-	-	-	-	-	66,135
Asset management fees	-	-	-	90,000	-	-	-	-	-	-	-	-	-	-	-	90,000
Total operating expenses	116,073	10,766	1,787,356	6,651,405	27,715	452,412	706,630	244,222	901	61,681	69,291	-	-	123,915	-	10,252,367
Operating (loss) income	(88,064)	-	(135,817)	(184,442)	-	(205,316)	-	-	-	(27,330)	(43,944)	-	-	5,089	-	(679,824)
Nonoperating revenues:																
Interest income	-	-	-	13,466	-	-	-	-	-	-	-	-	-	-	-	13,466
Other income	-	-	-	11,437	-	-	-	-	-	-	-	-	-	-	-	11,437
Total nonoperating revenues	-	-	-	24,903	-	-	-	-	-	-	-	-	-	-	-	24,903
Change in net position	(88,064)	-	(135,817)	(159,539)	-	(205,316)	-	-	-	(27,330)	(43,944)	-	-	5,089	-	(654,921)
Net position at the beginning of the year	78,665	-	(3,925,065)	10,458,175	-	4,142,986	-	-	-	(96,938)	(78,751)	(295)	(1,900)	(478,559)	602	10,098,920
Net position at the end of the year	\$ (9,399)	\$ -	\$ (4,060,882)	\$ 10,298,636	\$ -	\$ 3,937,670	\$ -	\$ -	\$ -	\$ (124,268)	\$ (122,695)	\$ (295)	\$ (1,900)	\$ (473,470)	\$ 602	\$ 9,443,999

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Other Enterprise Funds
September 30, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Local Funds	Revolving Funds	Trust Funds	Other Funds	Total
Current assets:					
Cash and cash equivalents	\$ 247,939	\$ 379,411	\$ 75,434	\$ 39,654	\$ 742,438
Cash and cash equivalents - restricted	7,560	-	-	-	7,560
Receivables, net:					
Due from other funds	792,063	4,059,237	3,865	546,809	5,401,974
Notes receivable - current	224,647	-	-	-	224,647
Tenants	29,900	-	-	-	29,900
Other government	-	9,774	-	-	9,774
Accrued interest receivable	-	-	1	-	1
Miscellaneous	4,740	54,980	-	3,440	63,160
Allowance for doubtful accounts	(191,480)	(2,550)	-	-	(194,030)
Prepayments and other current assets	-	80,752	-	-	80,752
Total current assets	1,115,369	4,581,604	79,300	589,903	6,366,176
Noncurrent assets:					
Notes receivable, net of current portion	169,980	-	-	-	169,980
Capital assets:					
Depreciable assets, net of accumulated depreciation	217,326	31,079	-	254,458	502,863
Non-depreciable assets	-	41,598	-	123,507	165,105
Other real estate	2,636,152	-	-	-	2,636,152
Total noncurrent assets	3,023,458	72,677	-	377,965	3,474,100
Total assets	4,138,827	4,654,281	79,300	967,868	9,840,276
Deferred outflows of resources:					
Pension	822,403	-	-	-	822,403
OPEB	915,910	-	-	-	915,910
Total deferred outflows of resources	1,738,313	-	-	-	1,738,313
Total assets and deferred outflows of resources	\$ 5,877,140	\$ 4,654,281	\$ 79,300	\$ 967,868	\$ 11,578,589
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>					
Current liabilities:					
Accounts payable and other deposits	\$ 27,835	\$ 1,982,929	\$ -	\$ -	\$ 2,010,764
Due to other funds	556	2,004,939	-	1,425,228	3,430,723
Current portion of accrued compensated absences	30,262	-	-	-	30,262
Accrued payroll and other liabilities	42,869	136,034	-	-	178,903
Unearned revenues	23,155	5,265	-	-	28,420
Security and escrow deposits	3,173	-	-	-	3,173
Other current liabilities	-	156,548	-	-	156,548
Total current liabilities	127,850	4,285,715	-	1,425,228	5,838,793
Accrued compensated absences, net of current portion	194,316	-	-	-	194,316
Net pension liability	3,614,196	-	-	-	3,614,196
OPEB liability	3,682,246	-	-	-	3,682,246
Total liabilities	7,618,608	4,285,715	-	1,425,228	13,329,551
Deferred inflows of resources:					
Pension	69,334	-	-	-	69,334
OPEB	826,120	-	-	-	826,120
Total deferred inflows of resources	895,454	-	-	-	895,454
Net position:					
Net investment in capital assets	2,853,478	72,677	-	377,965	3,304,120
Restricted	-	-	-	-	-
Unrestricted	(5,490,400)	295,889	79,300	(835,325)	(5,950,536)
Total net position	(2,636,922)	368,566	79,300	(457,360)	(2,646,416)
Total liabilities, deferred inflows of resources and net position	\$ 5,877,140	\$ 4,654,281	\$ 79,300	\$ 967,868	\$ 11,578,589

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Other Enterprise Funds
Year Ended September 30, 2020

	Local Funds	Revolving Funds	Trust Funds	Other Funds	Total
Operating revenues:					
Management fees	\$ 1,170,155	\$ -	\$ -	\$ -	\$ 1,170,155
Asset management fees	90,000	-	-	-	90,000
Bookkeeping fees	288,817	-	-	-	288,817
Other income	50,895	86,811	-	-	137,706
Total operating revenues	<u>1,599,867</u>	<u>86,811</u>	<u>-</u>	<u>-</u>	<u>1,686,678</u>
Operating expenses:					
Salaries and wages	1,257,866	47,919	-	616	1,306,401
Depreciation	50,671	9,270	-	23,244	83,185
Employee benefits	345,824	16,326	-	203	362,353
Other administrative expenses	28,655	81,295	-	11,699	121,649
Repairs and maintenance	50,363	-	-	-	50,363
Retiree healthcare costs and other pension benefits	67,307	390,944	-	-	458,251
Utilities	66,526	-	-	-	66,526
Office expense	30,537	138	-	24	30,699
Compensated absences	63,649	-	-	-	63,649
Insurance	20,006	-	-	-	20,006
Professional fees	39,234	-	-	28,703	67,937
Bad debts expense	6,100	-	-	-	6,100
Advertising	3,293	-	-	-	3,293
Total operating expenses	<u>2,030,031</u>	<u>545,892</u>	<u>-</u>	<u>64,489</u>	<u>2,640,412</u>
Operating loss	<u>(430,164)</u>	<u>(459,081)</u>	<u>-</u>	<u>(64,489)</u>	<u>(953,734)</u>
Nonoperating revenues:					
Contributions from GovGuam for retiree benefits	-	390,944	-	-	390,944
Interest income	109	60	86	61	316
Other income	-	500	-	-	500
Total nonoperating revenues	<u>109</u>	<u>391,504</u>	<u>86</u>	<u>61</u>	<u>391,760</u>
Change in net position	<u>(430,055)</u>	<u>(67,577)</u>	<u>86</u>	<u>(64,428)</u>	<u>(561,974)</u>
Net position at the beginning of the year	<u>(2,206,867)</u>	<u>436,143</u>	<u>79,214</u>	<u>(392,932)</u>	<u>(2,084,442)</u>
Net position at the end of the year	<u>\$ (2,636,922)</u>	<u>\$ 368,566</u>	<u>\$ 79,300</u>	<u>\$ (457,360)</u>	<u>\$ (2,646,416)</u>

See Accompanying Independent Auditors' Report.