

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

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

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

YEAR ENDED SEPTEMBER 30, 2019

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

Year Ended September 30, 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 statement of net position as of September 30, 2019, the related statements of revenues, expenses, and changes in net position and of cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters***COVID-19***

As discussed in Note 15 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.

Restatement

As discussed in Note 16 to the financial statements, the beginning net position has been restated to correct an error.

Our opinion is not modified with respect to these matters.

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 22 as well as the Schedules of Proportionate Share of the Net Pension Liability on pages 57 through 59, the Schedule of Pension Contributions on page 60, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 61, the Schedule of the Proportionate Share of the Total OPEB Liability on page 62 and the Schedule of OPEB Employer Contributions on page 63 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

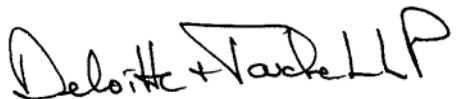
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position and of revenues, expenses and changes in net position on pages 65 through 72 are presented for purposes of additional analysis and are not a required part of 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 64 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 August 7, 2020, 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 "D" and "T" are capitalized and connected by a horizontal stroke. The "e" in "Deloitte" has a small flourish. The "T" in "Touche" is stylized with a vertical line and a crossbar. "LLP" is written in a smaller, simple font to the right.

August 7, 2020

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

Management's Discussion and Analysis
Year Ended September 30, 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 fiscal year ended September 30, 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 liabilities 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", formerly known as Net Assets. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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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 (formerly net assets) 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 Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the authority-wide financial statements.

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.

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.

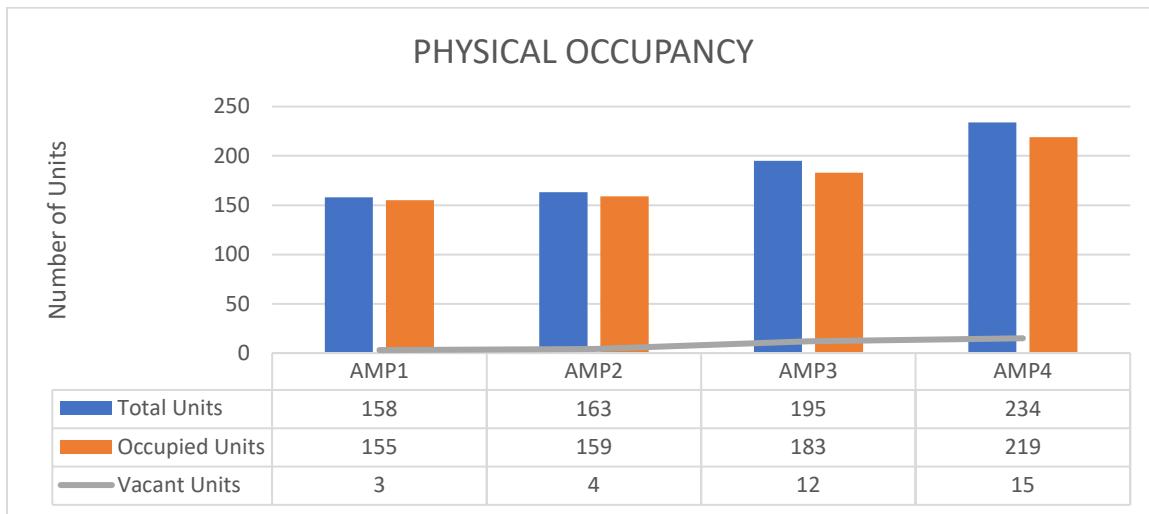
GHURA is a "Standard Performer" under HUD's Interim Public Assessment System (PHAS).

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

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At the end of FY 2019, GHURA had 716 units occupied with 95.5% occupancy rate and an adjusted rate of 99% with 27 units under modernization. For the fiscal year ended September 30, 2019, GHURA received \$3.9 million in Operating Subsidy funds.



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 \$2.3 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)

The Section 8 Housing Choice Voucher Program provides housing assistance to very low-income families. The objective of the program is to help eligible families afford a decent, safe and sanitary home in the private rental market. While under the program, Section 8 participants are responsible for finding a suitable unit anywhere they choose to live as long as the unit meets the Housing Quality Standards. Once a unit is selected and passes inspection, GHURA and the property owner executes a Housing Assistance Payment (HAP) Contract. Thereafter, rental assistance payments are made to the landlord on behalf of the Section 8 participant every month and will continue for as long as the family and the unit continue to qualify for the assistance. The level of assistance depends on the family's annual income. However, in most cases, GHURA subsidizes 70 percent of the rent and the family pays the remaining 30 percent.

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Leasing of Section 8 vouchers fell below HUD's required 90 percent at the end of 2019. Participants had a difficult time finding suitable units to rent for various reasons, but primarily because the approved payment standards were too low and noncompetitive in the private rental market. The U.S. Department of Housing and Urban Development permits Public Housing Agencies to set their approved payment standards between 90 percent to 110 percent of the Fair Market Rent (FMR). However, because the FMR for Guam was based off the 2010 Census data, the numbers used to determine Guam's FMR was outdated and did not accurately reflect what the actual rental rates are on Guam. To help Section 8 participants in their search for a suitable unit, GHURA requested and received approval from the U.S. Department of Housing and Urban Development to approve a "Success Rate Payment Standards". The approval of the Success Rate Payment Standards was received in August 2019 and was immediately adopted by the GHURA Board of Commissioners. By the end of 2019, GHURA began to see an increase in the leasing of vouchers. In the meantime, GHURA commissioned a housing study for the purpose of getting a more accurate picture of Guam's rental market and more accurate rental rates.

In 2019, GHURA Section 8 HCV Program participant characteristics are as follows:

- The average household annual income was \$9,280 for non-working families and \$21,295 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 (42%), two (28%) and four-bedrooms (14%), respectively.
- The average housing assistance payment paid was \$1,000.12 per unit and the average tenant rent share was \$163.
- The ethnicity breakdown of households consists of 92 percent Pacific Islander, followed by 4 percent Asian, 1.4 percent Caucasian, less than 1 percent Hispanic and the remaining 1.6 percent consist of other ethnicities.
- 2,108 households with female head of households and 493 male head of households.
- 16 percent of households included a person or persons with disabilities and 10.4 percent were elderly households over the age of 62 or older.

Project-based Assistance Program:

GHURA's offers Project-based Program assistance with units at the Summer Town Estates in Dededo. 112 units are available for elderly families, age 62 and older. One and two-bedroom units are available to assist elderly households with or without dependents. The assistance is tied to the unit and the family will continue as long as the family qualifies and remain in the unit. The assistance will cease when the family moves out of the unit.

Portability:

A participant family under the Section 8 HCV Program that has been issued a housing choice voucher may use that voucher to lease a unit anywhere in the United States, as long as there is a housing agency operating an HCV program in the area. This wonderful option is referred to as "portability". When a family wishes to relocate to the U.S. mainland, or other jurisdiction, GHURA issues the family a voucher so they can move with continued assistance under the Section 8 program. At the end of FY2019, 24 participants ported out to the various PHA jurisdiction in the U.S mainland, while GHURA received four families who ported into Guam.

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Family Self-sufficiency (FSS) 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.

At the end of 2019, the FSS Program enrolled 31 new families, servicing 150 participants. Of these, 121 were Section-8 HCV participants, and 29 were Public Housing participants. The FSS Program successfully graduated two Section-8 families from the program for effectively meeting all their named goals and activities, and completing their respective Individual Training & Services Plan (ITSP), paying out approximately \$9,824 in escrow earnings. One of the graduating families successfully achieved "Home-Ownership" as their final goal. The other chose "Employment/Small Business Ownership".

FSS Coordinators continue to offer the Renters-101 workshop, servicing 61 families in 2019. The workshop, implemented in June 2016, seeks to empower both Section-8 and Public Housing program participants by teaching the essential aspects of renting. By understanding their rights, and obligations, and through access to Do-it-Yourself (DIY) resources they are more apt to develop and run safe homes. Tenants are taught the importance of understanding their lease agreements, how to create and administer safe and healthy homes, how to create realistic and attainable household budgets, how to effectively communicate with neighbors and landlords to ensure peaceful enjoyment of their premises, and other life skills for housing success. The workshop imparts life-long values, which may correlate to other life areas as pathways to self-sufficiency. Participants receive a Certificate of Completion, which echoes their commitment to being responsible and knowledgeable tenants. The workshop has proven effective in imparting responsible home strategies and providing opportunities to acquire basic housekeeping skills, as well as suggestions on how to prepare homemade cleaning supplies using everyday items found in the family's pantry.

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Coordinators also continue to provide essential budgeting courses, which are intended to empower families to make good financial decisions by imparting important building blocks of financial capability. These include financial literacy, skills and behaviors meant to encourage savings, and providing access to financial opportunities and resources necessary to meet their goals. FSS families are coached on the importance of how to make and stick with a budget, and how to avoid or reduce debt. Coordinators work closely with Program Coordinating Committee (PCC) partners to ensure that more comprehensive financial capability training and resources are made available to participants, such as Pathways to Homeownership workshops, and other tools to empower financial health.

Throughout calendar year 2019, FSS coordinators participated in 15 Job Fairs, 7 Health Fairs and Immunization Clinics, issued 121 PCC referrals, and provided FSS outreach to 510 tenants newly enrolled in the HCV, NED, VASH, and/or FUP program(s) through voucher briefing presentations. Coordinators regularly distributed job announcements via mass email to participating families to encourage employment and escrow earnings. Based on these efforts, 44 Heads of Household (previously unemployed) have attained gainful employment, thus either initiating or increasing their escrow earnings. At years end, roughly 55% of FSS Heads of Household were earning escrow. This accounts for the highest escrow earning percentage between 2016 – 2019. About 30% of these achieving gainful employment after FSS enrollment.

FSS, in conjunction with the University of Guam Community Nutrition Education Program (CNEP), continues to provide FSS families with workshops where they learn how to prepare healthier meal options for their families, how to purchase healthier foods on a budget, how to stretch their monthly food budget, and encourage each other to live healthier lifestyles through diet and exercise. This workshop was implemented in mid-2018 for FSS families.

Other notable workshops and activities which FSS Coordinators participated in and offered to FSS families at no cost include Smoking Cessation Clinics, Fitness Fairs, Legal Clinics to assist with preparations of wills & deeds, probates, trusts, and POA's, Social Security Disability Clinics, Apprenticeship & Boot camp Programs, Workforce Development Workshops, Guam Conference on Aging, Passport to Services, Family Movie Events, Kid Care Photo ID's, and Village Playtime Events.

Coordinators participated in numerous online trainings and webinars throughout the year. Over the course of 2019, Coordinators participated in a series of Consumer Financial Protection workshops, which provided detailed budgeting information in the areas of Bills, Debt & Credit, as well as Effective Rental Counseling, Conducting & Implementing a Rental Counseling Program.

FSS also delivered presentations to the University of Guam (UOG) School of Social Work, UOG Cooperative Extension Program, and the UOG Employer Recruitment Program Meet & Greet. Additionally, as a UOG Career Development Office industry partner, FSS Coordinators took part in the introduction of their u-connect website. The website is a virtual career center that provides resource data, employment opportunities, work-studies and available internships. In conclusion, FSS Coordinators with the support of staff and management coordinated a Toys-for-Tots toy-drive to distribute 177 Christmas gifts for the children of GHURA tenant families.

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.

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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.

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 FY2019, GHURA administered \$5.5 million in eligible CPD-funded activities. In fiscal year 2019 alone, a total of \$4,404,817 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling \$1,095,776 were approved for activities in fiscal year 2019. 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)*".

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.

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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 Recreation 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) Baseball Park Enhancement-Dededo Sports Complex-Funds were used to improve the Department of Parks and Recreation's Guam Sports Complex by adding restroom facilities, a community kiosk area and observation deck.
- (5) Residential Treatment Center for Women-Funds were used to construct a 14-bed facility for women who are undergoing treatment for substance abuse.
- (6) Site Planning and Preparation for Public Service Facility-Funds were used to conduct site preparation and planning for the construction of a public facility and transitional housing.
- (7) Central Community Arts Hall-Funds were used to construct a lecture/theater-style building that will have a 150-seat capacity.

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.
- (3) Affordable Housing to first-time homebuyers-Funds were used to acquire seven properties in Mangilao for purchase by HOME eligible first time homebuyers.

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

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Emergency Solutions Grant (ESG)

In FY2019, 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.

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.

Guma' Hinemlo. Guma' Hinemlo is an 8-unit residential facility serving persons with disabilities.

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.

Forrester's Refuge. Sanctuary Incorporated provides permanent housing and supportive services to homeless/chronic homeless individuals with disabilities.

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. This will be the first LIHTC project to be located in the central region of Guam. The second project awarded for the FY2018-2019 cycle will be 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-Based)	-	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	Under Construction

* Individuals and Families

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

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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.

Authority-Wide Financial Statements

Statements of Net Position

The following summary presented below reflects the condensed 2019 Statement of Net Position compared to 2018. GHURA is engaged only in Business-Type Activities.

GHURA's Net Position
 As of September 30
 Table 1

	2019	2018 (As Restated)	Total Percentage Change 2019-2018
Current and other assets	\$ 21,648,045	\$ 20,895,235	3.6%
Capital assets	19,820,874	21,190,244	-6.5%
Other real estate	2,636,152	2,636,152	0.0%
Total assets	44,105,071	44,721,631	-1.4%
Deferred outflows of resources	4,006,407	3,021,411	32.6%
	\$ 48,111,478	\$ 47,743,042	0.8%
Current and other liabilities	\$ 29,099,926	\$ 30,322,992	-4.0%
Long-term debt	896,243	966,317	-7.3%
Total liabilities	29,996,169	31,289,309	-4.1%
Deferred inflows of resources	4,970,354	1,803,860	175.5%
Net position:			
Net investment in capital assets	21,560,783	22,860,079	-5.7%
Restricted	16,820,947	16,743,204	0.5%
Unrestricted	(25,236,775)	(24,953,410)	1.1%
Total net position	13,144,955	14,649,873	-10.3%
	\$ 48,111,478	\$ 47,743,042	0.8%

Total assets and deferred outflows of resources of GHURA as of September 30, 2019 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, 2019 totaled \$15,613,356, an increase of \$685,541 or approximately 4.6% as compared to \$14,927,815 as of September 30, 2018.

The beginning net position has been restated to correct an error. Refer to Note 16 to the financial statements.

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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. Table 2 presents details on the change in Unrestricted Net Position for the fiscal years ended September 30, 2019 and 2018. (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

	2019	2018 (As Restated)	Total Percentage Change 2019-2018
Unrestricted net position, beginning	\$ (24,953,410)	\$ (24,996,313)	-0.2%
Change in net position	(1,504,918)	(1,703,216)	-11.6%
Adjustments:			
Depreciation (1)	3,024,691	2,477,408	22.1%
Adjusted change in net position	1,519,773	774,192	96.3%
Change in restricted net position	(77,743)	(106,612)	-27.1%
Acquisition of capital assets	(1,655,321)	(557,866)	196.7%
Repayment of long-term debt	(70,074)	(66,811)	4.9%
Net change	(283,365)	42,903	-760.5%
Unrestricted net position, ending	\$ (25,236,775)	\$ (24,953,410)	1.1%

Statements of Revenues, Expenses and Change in Net Position

The following summary presented below reflects the condensed 2019 Statement of Revenues, Expenses and Changes in Net Position compared to 2018.

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

	2019	2018	Total Percentage Change 2019-2018
Revenues:			
Operating and capital grants	\$ 42,892,270	\$ 41,386,123	3.6%
Tenant rental revenue	860,390	729,784	17.9%
Other operating revenues	340,818	1,044,424	-67.4%
Nonoperating	559,963	676,574	-17.2%
Total revenues	44,653,441	43,836,905	1.9%
Expenses:			
Housing assistance payments	28,598,318	27,846,756	2.7%
Other operating expenses	17,481,802	17,633,697	-0.9%
Nonoperating	78,239	59,668	31.1%
Total expenses	46,158,359	45,540,121	1.4%
Change in Net Position	\$ (1,504,918)	\$ (1,703,216)	-11.6%

Table 3 presents the changes in GHURA's net position for the years ended September 30, 2019 and 2018. GHURA had total revenues of \$44,653,441 in 2019, an increase of \$816,536 or 1.9% from \$43,836,905 in 2018 while total expenses were \$46,158,359 in 2019, an increase of \$618,238 or 1.4% from \$45,540,121 in 2018.

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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, 2019 and 2018.

GHURA's Grant Revenues
 Years Ended September 30
 Table 4

	2019	2018	Total Percentage Change 2019-2018
Revenues:			
Section 8 Housing Choice Voucher	\$ 30,179,391	\$ 30,063,004	0.4%
Low-income housing	3,863,520	4,530,104	-14.7%
Public Housing capital fund	2,131,937	738,291	188.8%
HOME Investment Partnerships	1,001,122	878,643	13.9%
Continuum of Care	897,383	1,040,152	-13.7%
CDBG	3,567,673	3,105,920	14.9%
Supportive Housing for the Elderly	602,984	618,265	-2.5%
Emergency Solutions grant	393,503	164,302	139.5%
ROSS	37,076	52,802	-29.8%
Multifamily Housing Service	84,419	49,814	69.5%
Family Self-sufficiency	133,262	144,826	-8.0%
Total	\$ 42,892,270	\$ 41,386,123	3.6%

Tenant Revenue

Tenant revenue, which accounted for 1.9% of total current year revenues, increased by \$130,606, or approximately 17.9% from \$729,784 in 2018 to \$860,390 in 2019. The increase in the current year revenues is attributed to increase in tenant income and charges for the period.

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 61.96% of total current year expenses, increased by \$751,562, or approximately 2.7% from \$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 the remaining 37.9% of total current year expenses, decreased by \$151,895, or approximately 0.9% from \$17,633,697 in 2018 to \$17,481,802 in 2019.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, GHURA had \$19,820,874 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (net of additions and depreciation) of \$1,369,370, or approximately 6.5% from the end of last year.

GHURA's Capital Assets
 As of September 30
 Table 5

	2019	2018 (As Restated)	Total Percentage Change	2019-2018
Depreciable assets:				
Structures	\$ 94,031,160	\$ 93,007,015	1.1%	
Homes for transfer to persons	706,129	817,423	-13.6%	
Furnitures, fixtures and equipment	4,172,629	4,159,655	0.3%	
Leasehold improvement	<u>295,588</u>	<u>295,588</u>	0.0%	
	99,205,506	98,279,681	0.9%	
Accumulated depreciation	<u>(83,790,010)</u>	<u>(80,765,319)</u>	3.7%	
Total depreciable assets, net	<u>15,415,496</u>	<u>17,514,362</u>	-12.0%	
Nondepreciable assets:				
Land	3,675,882	3,675,882	0.0%	
Construction in progress	<u>729,496</u>	-		
Total nondepreciable assets	<u>4,405,378</u>	<u>3,675,882</u>	19.8%	
Total capital assets, net	\$ 19,820,874	\$ 21,190,244	-6.5%	

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 \$896,243 in debt (mortgage loan) outstanding compared to \$966,317 last year, for a \$70,074 decrease (debt retirement). 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."

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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.

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 notices provide guidance on the disbursement of funds, reporting requirements, and a description on eligible and ineligible expenses. Funding availability is through December 31, 2020, unless HUD extends this period.

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
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Statement of Net Position
September 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 15,613,356
Receivables, net:	
HUD	684,633
Notes receivable - current	352,953
Tenants	167,426
Other government	9,774
Accrued interest receivable	2,378
Miscellaneous	435,963
Allowance for doubtful accounts	(229,858)
Prepayments and other current assets	106,250
Inventory	<u>264,628</u>
Total current assets	<u>17,407,503</u>
Noncurrent assets:	
Notes receivable, net of current portion	4,240,542
Capital assets:	
Depreciable assets, net of accumulated depreciation	15,415,496
Non-depreciable assets	4,405,378
Other real estate	<u>2,636,152</u>
Total noncurrent assets	<u>26,697,568</u>
Total assets	<u>44,105,071</u>
Deferred outflows of resources:	
Pension	2,615,848
OPEB	<u>1,390,559</u>
Total deferred outflows of resources	<u>4,006,407</u>
Total assets and deferred outflows of resources	<u>\$ 48,111,478</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and other deposits	\$ 1,520,784
Due to HUD	14,264
Current portion of accrued compensated absences	72,124
Current portion of note payable	75,000
Accrued payroll and other liabilities	539,304
Unearned revenues	494,507
Security and escrow deposits	333,598
Other current liabilities	<u>317,599</u>
Total current liabilities	<u>3,367,180</u>
Accrued compensated absences, net of current portion	625,730
Note payable, net of current portion	821,243
Net pension liability	<u>13,551,420</u>
OPEB liability	<u>11,630,596</u>
Total liabilities	<u>29,996,169</u>
Deferred inflows of resources:	
Pension	381,591
OPEB	<u>4,588,763</u>
Total deferred inflows of resources	<u>4,970,354</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	21,560,783
Restricted	16,820,947
Unrestricted	<u>(25,236,775)</u>
Total net position	<u>13,144,955</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 48,111,478</u>

See accompanying notes to financial statements.

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

Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

Operating revenues:	
HUD PHA Operating Grants	\$ 41,273,978
Tenant rental income	860,390
Other income	340,818
Total operating revenues	<u>42,475,186</u>
Operating expenses:	
Housing assistance payments	28,598,318
Salaries and wages	4,300,909
Repairs and maintenance	4,248,903
Depreciation	3,024,691
Other administrative expenses	2,564,656
Employee benefits	1,751,410
Utilities	525,118
Retiree healthcare costs and other pension benefits	414,341
Office expense	330,660
Professional fees	112,651
Insurance	82,268
Advertising	66,448
Compensated absences	50,958
Travel	21,051
Protective services	3,159
Recovery of bad debts	(15,421)
Total operating expenses	<u>46,080,120</u>
Operating loss	<u>(3,604,934)</u>
Nonoperating revenues (expenses):	
Contributions from GovGuam for retiree benefits	414,569
Fraud recovery	49,982
Interest income	14,576
Other income	80,836
Casualty losses	(21,833)
Interest expense	(56,406)
Total nonoperating revenues (expenses), net	<u>481,724</u>
Loss before capital grants and contributions	<u>(3,123,210)</u>
Capital grants and contributions:	
Federal grants	<u>1,618,292</u>
Change in net position	<u>(1,504,918)</u>
Net position at the beginning of the year, as previously reported	8,847,006
Restatement (Note 16)	<u>5,802,867</u>
Net position at the beginning of the year, as restated	<u>14,649,873</u>
Net position at the end of the year	<u>\$ 13,144,955</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows
 Year Ended September 30, 2019

Cash flows from operating activities:	
Operating grants received	\$ 41,238,349
Receipts from tenants and customers	1,377,972
Housing assistance paid	(28,598,318)
Payments to suppliers for goods and services	(7,265,914)
Payments to employees	<u>(5,917,615)</u>
Net cash provided by operating activities	<u>834,474</u>
Cash flows from capital and related financing activities:	
Capital grants received	1,618,292
Acquisition of capital assets	(1,655,321)
Repayment of note payable	(70,074)
Interest paid	<u>(56,406)</u>
Net cash used for capital and related financing activities	<u>(163,509)</u>
Cash flows from investing activities:	
Interest and other	<u>14,576</u>
Net change in cash	685,541
Cash and cash equivalents at beginning of year	<u>14,927,815</u>
Cash and cash equivalents at end of year	<u>\$ 15,613,356</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (3,604,934)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,024,691
Recovery of bad debts	(15,421)
Retiree healthcare costs and other pension benefits	414,341
Noncash pension cost	126,346
Fraud recovery and other income	130,818
Decrease (increase) in assets:	
Receivables	150,471
Note receivable	(176,590)
Prepayments and other current assets	(21,471)
Inventory	(4,258)
Increase in liabilities:	
Accounts payable and other deposits	657,996
Due to HUD	2,164
Accrued compensated absences	41,183
Accrued payroll and other liabilities	18,133
Unearned revenues	36,436
Security and escrow deposits	38,702
Other current liabilities	<u>15,867</u>
Net cash provided by operating activities	<u>\$ 834,474</u>

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, 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, 2019, GHURA was authorized by HUD to approve housing assistance payment contracts for up to 2,571 families dependent upon budget authority and available resources. Total contracted units under lease totaled 2,419 or 94% as of September 30, 2019. 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, 2019, Elderly Families occupied 107 units.

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

Notes to Financial Statements
September 30, 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

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. These completed projects provided 750 units. For the year ended September 30, 2019, 716 units (out of 723 available units, of which 27 units were under modernization) or 99.03% were occupied. These properties were modernized under HUD's Capital Funds Program.

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.

Public Housing Capital Fund Program:

The Capital Fund Program Grant accounts for modernization funds received from HUD for capital improvements, major repairs, management improvements, operational costs and related planning costs to improve the physical quality of low-income housing. Upon completion of major capital improvement, the assets are transferred to the Low Income Housing Program.

HOME Investment Partnership Program:

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

Supportive Housing Program:

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

Shelter Plus Care:

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

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

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

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.

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.

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.

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

Notes to Financial Statements
September 30, 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Family Self-Sufficiency Program:

The objectives of this program are to promote 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.

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.

Affordable Care Act – Maternal, Infant, and Early Childhood Home Visiting Program:

The Maternal, Infant, and Early Childhood Home Visiting Program is designed: (1) to strengthen and improve the programs and activities carried out under Title V; (2) to improve coordination of services for at risk communities; and (3) to identify and provide comprehensive services to improve outcomes for families who reside in at risk communities. Voluntary evidence-based home visiting is the primary strategy to deliver services. A nurse, social worker, parent educator, or other paraprofessional regularly visits an expectant mother or father, new parent, or primary caregiver of a young child from birth to kindergarten entry to support and strengthen the parent-child relationship to improve the health, development and well-being for the child and family.

Substance Abuse and Mental Health Service Services – Projects of Regional and National Significance (SAMHSA):

This program was reauthorized by the Children's Health Action of 2000, Public law 106-310. Under this reauthorization, SAMHSA was given the authority to address priority substance abuse treatment, prevention and mental health needs of regional and national significance through assistance (grants and cooperative agreements) to States, political subdivisions of States, Indian tribes and tribal organizations, and other public or nonprofit private entities. Grants and cooperative agreements may be for (1) knowledge and development and application projects for treatment and rehabilitation and the conduct or support of evaluations of such projects; (2) training and technical assistance; (3) targeted capacity response programs (4) systems change grants including statewide family network grants and client-oriented and consumer run self-help activities and (5) programs to foster health and development of children; (6) coordination and integration of primary care services into publicly-funded community mental health centers and other community-based behavioral health settings funded under Affordable Care Act (ACA).

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

Notes to Financial Statements
September 30, 2019

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

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, deferred outflows of resources, liabilities deferred inflows or resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. GHURA 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. All assets and liabilities that are associated with the operation of GHURA are included in the statement of net position. 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 presented as such on the accompanying statement of revenues, expenses and changes in net position.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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Notes to Financial Statements
September 30, 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 12 months term, which begin 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 HUD funds, except for pension and OPEB-related liabilities and deferrals, and excludes local and revolving funds.

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, 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 to be cash on hand, cash in checking and savings account and time certificates of deposit with original maturities of less than three months. Time certificates of deposit with initial maturities of less than three months are included in cash and cash equivalents.

As of September 30, 2019, cash and cash equivalents were \$15,613,356 and the corresponding bank balances were \$15,742,471, which are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2019, bank deposits in the amount \$250,000 were FDIC insured. GHURA requires collateralization of its cash deposits; therefore, deposit levels in excess of FDIC coverage are collateralized.

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 is 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.

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.

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

(2) Summary of Significant Accounting Policies, Continued

Capital Assets and Depreciation, Continued

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	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 the current year, 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, 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.

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

(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 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 proportional 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 proportional 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.

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

(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, 2019, accrued earned compensated absences totaled \$519,748.

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, 2019, \$178,106 was accrued in the accompanying financial statements.

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, 2019, GHURA retains \$804,281 of 'Good Faith' deposits of refundable, which are included in the accompanying financial statements within accounts payable and other deposits in the statement of net position.

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

(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 fees to COCC of \$1,463,041 for the year ended September 30, 2019, 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 \$66,448 for the year ended September 30, 2019. These costs primarily relate to construction bids and related procurement solicitation costs.

New Accounting Standards

During the year ended September 30, 2019, GHURA implemented the following pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The implementation of these statements did not have a material effect on GHURA's financial statements. However, the implementation of GASB Statement No. 88 did result in additional required disclosures surrounding debt. See Note 7.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies 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. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 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 and 91 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. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

(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.

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(3) Cash and Cash Equivalents, Continued

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.

As of September 30, 2019, GHURA maintains certain cash accounts for designated purposes, which are summarized as follows:

Supportive Housing for the Elderly	\$ 391,474
Section 8 HCV	586,592
Public Housing	1,339,524
Revolving Fund	101,438
Local Funds	<u>12,768</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, 2019, GHURA had \$373,897 in a designated cash account for the Supportive Housing for the Elderly and \$17,577 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 \$219,695 as of September 30, 2019.

As of September 30, 2019, the Section 8 HCV program also has designated cash of \$366,897, which represents 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.

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(3) Cash and Cash Equivalents, Continued

Section 8 HCV and Low Rent Housing, Continued

As of September 30, 2019, the Low Rent Housing program also has additional designated cash totaling \$1,154,228, 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.

(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 loan and with a maximum loan amount of the lesser of \$18,000 or 18% of the purchase price and are collateralized by second mortgages on real estate. Under the Renewal Homes Program, loans carry a 3% interest rate with a 30-year term.

Loans receivable consists of the following as of September 30, 2019:

	Down Payment and Closing Cost Assistance Program	HOME Rehabilitation Program	Renewal Homes Program	Total
Due in varying monthly installments, interest free, with maturities to 2027 including loans	\$ 436,437	\$ 41,680	\$ -	\$ 478,117
Due in varying monthly installments, 3% interest, with maturities to 2049 including loans	<u>436,437</u>	<u>41,680</u>	<u>4,115,378</u>	<u>4,115,378</u>
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, 2019 are as follows:

Year Ending
September 30

2020	\$ 352,953
2021	156,067
2022	158,788
2023	156,963
2024	147,706
Thereafter	<u>3,621,018</u>
	<u>\$ 4,593,495</u>

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

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September 30, 2019

(5) Capital Assets

A summary of changes in capital assets for the year ended September 30, 2019 is as follows:

	Balance October 1 (as restated)	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	\$ 93,007,015	\$ 1,024,145	\$ -	\$ 94,031,160
Homes for transfer to persons	817,423	322,515	(433,809)	706,129
Furniture, fixtures and equipment	4,159,655	12,974	-	4,172,629
Leasehold improvement	<u>295,588</u>	<u>-</u>	<u>-</u>	<u>295,588</u>
	98,279,681	1,359,634	(433,809)	99,205,506
Less accumulated depreciation and amortization	<u>(80,765,319)</u>	<u>(3,024,691)</u>	<u>-</u>	<u>(83,790,010)</u>
	<u>17,514,362</u>	<u>(1,665,057)</u>	<u>(433,809)</u>	<u>15,415,496</u>
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Construction in progress	<u>-</u>	<u>729,496</u>	<u>-</u>	<u>729,496</u>
	<u>3,675,882</u>	<u>729,496</u>	<u>-</u>	<u>4,405,378</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, 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, 2019.

(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 September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 75,000	\$ 51,480	\$ 126,480
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
Thereafter	<u>474,243</u>	<u>63,957</u>	<u>538,200</u>
	<u>\$ 896,243</u>	<u>\$ 274,357</u>	<u>\$ 1,170,600</u>

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Notes to Financial Statements
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(7) Note Payable, Continued

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

	Balance October 1, 2018	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2019	Due Within One Year
FmHA note payable	<u>\$ 966,317</u>	\$ _____ -	\$ (70,074)	<u>\$ 896,243</u>	<u>\$ 75,000</u>

(8) Other Noncurrent Liabilities

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

	Balance October 1, 2018	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2019	Due Within One Year
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>	-	(3,293,936)	<u>11,630,596</u>	<u>-</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>

(9) Commitments

Housing Assistance Payments:

At September 30, 2019, GHURA had 2,571 voucher contracts with dwelling owners, all of which are funded for a period of twelve months. Of the 2,419 vouchers leased-up, 107 were project-based vouchers located at the Summer Town Estate in Lada, Dededo. These units were 95.5% occupied with elderly families as of September 30, 2019. 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. Unliquidated contracts as of September 30, 2019 are as follows:

	<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, are required to participate in the 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 the DCRS Plans who retire prior to September 30, 2018 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 GovGuam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2018 (the measurement date), plan membership consisted of the following:

DB members:

Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	<u>5,188</u>
	<u>15,631</u>

DCRS members:

Active employees	<u>5,921</u>
	<u>21,552</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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Notes to Financial Statements
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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 GovGuam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017 through September 30, 2018, 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.

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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2017, 2016 and 2015, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2019, 2018 and 2017, respectively, have been determined as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Normal costs (% of DB Plan payroll)	13.54%	15.97%	16.27%
Employee contributions (DB Plan employees)	<u>9.52%</u>	<u>9.55%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>4.02%</u>	<u>6.42%</u>	<u>6.72%</u>
Employer portion of normal costs (% of total payroll)	2.29%	1.60%	1.87%
Unfunded liability cost (% of total payroll)	<u>21.29%</u>	<u>22.12%</u>	<u>21.60%</u>
Government contribution as a % of total payroll	<u>23.58%</u>	<u>23.72%</u>	<u>23.47%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>26.56%</u>	<u>27.83%</u>	<u>27.41%</u>
Employee	<u>9.52%</u>	<u>9.55%</u>	<u>9.55%</u>

GHURA's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were \$887,110, \$792,182 and \$328,164, 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, 2019, 2018 and 2017, totaling \$185,570, \$187,808 and \$182,529, 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.

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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Statutory employer contributions for the DCRS plan for the year ended September 30, 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, 2019, 2018 and 2017 were \$384,338, \$447,374 and \$854,267, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$294,620, \$357,167 and \$698,436 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2019, 2018 and 2017, respectively.

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

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

Defined benefit plan	\$ 10,897,784
Ad hoc COLA/supplemental annuity plan for DB retirees	2,021,716
Ad hoc COLA plan for DCRS retirees	<u>631,920</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, 2019, GHURA's proportionate share of the GovGuam net pension liabilities were as follows:

Defined benefit plan	0.92%
Ad hoc COLA/supplemental annuity plan for DB retirees	0.70%
Ad hoc COLA plan for DCRS retirees	1.28%

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

Defined benefit plan	\$ 236,689
Ad hoc COLA/supplemental annuity plan for DB retirees	86,786
Ad hoc COLA plan for DCRS retirees	<u>(197,129)</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, 2019, GHURA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,755	\$ -	\$ 29,911	\$ -	\$ 90,791	\$ 5,775
Net difference between projected and actual earnings on pension plan investments	-	195,363	-	-	67,102	75,261
Changes of assumptions	-	-	-	-	67,102	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>

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, 2019 will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Defined Benefit Plan</u>	<u>Ad Hoc COLA/SA Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan for DCRS Retirees</u>
2020	\$ 383,354	\$ 824	\$ 30,019
2021	194,461	824	30,019
2022	(61,262)	80	30,019
2023	52,145	-	30,019
2024	-	-	30,019
Thereafter	<u>-</u>	<u>-</u>	<u>146,436</u>
	<u>\$ 568,698</u>	<u>\$ 1,728</u>	<u>\$ 296,531</u>

GUAM HOUSING AND URBAN RENEWAL AUTHORITY
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September 30, 2019

(10) Pensions, Continued

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

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, 2017
Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.00% to 7.50%
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.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015.

The investment rate assumption as of September 30, 2017 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.

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September 30, 2019

(10) Pensions, Continued

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

The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Target Asset Class	Nominal Allocation	Return
U.S. Equities (large cap)	29.0%	7.47%
U.S. Equities (small cap)	7.0%	8.73%
Non-U.S. Equities	16.5%	9.27%
Non-U.S. Equities (emerging markets)	2.0%	11.09%
U.S. Fixed Income (aggregate)	21.5%	4.67%
Risk parity	8.0%	6.50%
High yield bonds	8.0%	6.59%
Global Real Estate (REITs)	5.0%	8.60%
Master Limited Partnerships	3.0%	6.56%

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2016 valuation to the September 30, 2017 valuation:

Remaining Amortization Period: The unfunded liability was being amortized over a closed period ending on May 1, 2031. This was extended by 2 years to May 1, 2033 by Public Law 33-186.

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 was 7%, 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, 2018 was 4.18%, 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>13,895,863</u>	\$ <u>10,897,784</u>	\$ <u>8,324,280</u>

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Notes to Financial Statements
September 30, 2019

(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>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Net Pension Liability	\$ <u>2,211,685</u>	\$ <u>2,021,716</u>	\$ <u>1,857,526</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Net Pension Liability	\$ <u>710,895</u>	\$ <u>631,920</u>	\$ <u>564,466</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, 2018, (the measurement period), OPEB plan membership consisted of the following as of September 2017 (the actuarial valuation date):

Inactive plan members or beneficiaries currently receiving benefits	7,930
Active plan members	<u>10,136</u>
<u>18,066</u>	

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

(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 island wide 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.

B. Total OPEB Liability:

During the year ended September 30, 2019, GHURA recognized certain on-behalf payments as transfers from GovGuam, totaling \$228,999, 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.

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

Proportion at prior measurement date, September 30, 2017	<u>0.61%</u>
Proportion at measurement date, September 30, 2018	<u>0.62%</u>
Increase in proportion	<u>0.01%</u>

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Notes to Financial Statements
September 30, 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, 2017 rolled forward to September 30, 2018 (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. Previously, 7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
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. Previously, 8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 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.
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. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental- 100% of eligible retirees will elect to participate. Life - 100% of eligible retirees will elect to participate. 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.

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Notes to Financial Statements
September 30, 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. Previously, 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.
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.
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. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, 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% - .18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.523% 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). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 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. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

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Notes to Financial Statements
September 30, 2019

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

B. Total OPEB Liability, Continued:

Discount rate: The discount rate used to measure the total OPEB liability was 4.18% as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from GHURA 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 4.18% municipal bond rate as of September 30, 2018 was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

C. Changes in the Total OPEB Liability:

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

Balance at beginning of the year	\$ <u>14,924,532</u>
Changes for the year:	
Service cost	772,295
Interest	565,102
Change of assumptions	(1,104,386)
Change in proportionate share	(28,187)
Differences between expected and actual experience	(3,240,229)
Benefit payments	<u>(258,531)</u>
Net change	<u>(3,293,936)</u>
Balance at end of the year	<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>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Total OPEB Liability	\$ <u>13,716,202</u>	\$ <u>11,630,596</u>	\$ <u>9,955,264</u>

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

C. Changes in the Total OPEB Liability, Continued:

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>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>9,698,714</u>	\$ <u>11,630,596</u>	\$ <u>14,131,324</u>

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 842,358	\$ 1,930,263
Differences between expected and actual experience	-	2,658,500
Contributions subsequent to the measurement date	228,999	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>319,202</u>	<u>_____</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, 2019 will be recognized in OPEB expense as follows:

Year Ending
September 30

2020	\$ (674,505)
2021	(674,505)
2022	(674,505)
2023	(969,898)
2024	<u>(433,790)</u>
	<u>\$ (3,427,203)</u>

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(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, 2019, GHURA had deposited \$1,031,578 into the typhoon coverage escrow account.

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

(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 \$7,102 exist from these audits as of September 30, 2019. 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.

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

(13) Contingencies, Continued

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 year ended September 30, 2019, HUD and other federal government agencies provided to GHURA \$42.89 million, which represents approximately 96% of GHURA's total revenues.

(15) Subsequent Events

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.

As of report date, GHURA received 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 also received \$508,288 for its Section 8 HCV program and is authorized to disburse \$745,204 for its Public Housing programs.

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.

(16) Restatement

Subsequent to the issuance of GHURA's 2018 financial statements, GHURA's management determined that capital assets were understated by \$817,423 and unearned revenue was overstated by \$4,985,444 as of September 30, 2018. As a result of this determination, GHURA's 2019 beginning net position has been restated from the amount previously reported of \$8,847,006 to \$14,649,873.

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

	2019	2018	2017	2016	2015	2014
Total net pension liability	\$ 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	\$ 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	0.92%	0.83%	0.83%	0.82%	0.79%	0.92%
GHURA's covered-employee payroll**	\$ 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	229.47%	224.72%	270.31%	280.98%	222.15%	281.58%
Plan fiduciary net position as a percentage of the total pension liability	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

	2019	2018	2017	2016
Total net pension liability***	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
GHURA's proportionate share of the net pension liability	\$ 2,021,716	\$ 1,952,207	\$ 1,522,308	\$ 1,485,317
GHURA's proportion of the net pension liability	0.70%	0.68%	0.66%	0.63%
GHURA's covered-employee payroll**	\$ 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	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

	2019	2018	2017	2016
Total net pension liability***	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GHURA's proportionate share of the net pension liability	\$ 631,920	\$ 834,630	\$ 520,758	\$ 434,878
GHURA's proportion of the net pension liability	1.28%	1.34%	0.84%	0.83%
GHURA's covered-employee payroll**	\$ 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	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*

	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 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>1,255,496</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	<u>\$ (73,766)</u>	<u>\$ (4,098)</u>	<u>\$ 142,229</u>	<u>\$ 34,232</u>	<u>\$ 81,662</u>	<u>\$ 18,512</u>
GHURA's covered-employee payroll **	<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	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
(A Component Unit of the Government of Guam)

Required Supplemental Information (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2019	2018	2017	2016
Total OPEB liability**:				
Service cost	\$ 772,295	\$ 865,827	\$ 698,974	Not Available
Interest	565,102	491,053	495,051	Not Available
Change of assumptions	(1,104,386)	(1,532,055)	1,598,939	Not Available
Change in proportionate share	(28,187)	30,317	-	Not Available
Differences between expected and actual experience	(3,240,229)	-	-	Not Available
Benefit payments	<u>(258,531)</u>	<u>(245,526)</u>	<u>(245,526)</u>	Not Available
Net change in total OPEB liability	(3,293,936)	(390,384)	2,547,438	
Toal OPEB liability - beginning	<u>14,924,532</u>	<u>15,314,916</u>	<u>\$ 12,767,478</u>	Not Available
Total OPEB liability - ending	<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>\$ 5,008,944</u>	<u>\$ 3,794,652</u>	<u>\$ 3,794,652</u>	
Total OPEB liability as a percentage of covered employee payroll	232.20%	393.30%	403.59%	

Notes to schedule:

Discount rate 4.18% 3.63% 3.058% 3.71%

Changes of benefit terms:

None

Changes of assumptions:

Discount rate has changed from respective measurement dates

* Information for 2010 - 2015 is not available

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

See Accompanying Independent Auditors' Report.

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

Required Supplemental Information (Unaudited)
 Schedule of Proportionate Share of the Total OPEB Liability
 Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability **	\$ 1,874,970,335	\$ 2,431,048,672	\$ 2,532,753,040
GHURA's proportion of the total OPEB Liability	\$ 11,630,596	\$ 14,924,532	\$ 15,314,916
GHURA's proportion of the total OPEB Liability	7.16%	7.32%	7.25%
GHURA's covered-employee payroll	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	232.20%	393.30%	403.59%

* Information for 2010 - 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
(A Component Unit of the Government of Guam)

Required Supplemental Information (Unaudited)
 Schedule of OPEB Employer Contributions
 Last 10 Fiscal Years*

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

Notes to Schedule

Valuation date: Actuarially determined contributions rates are calculated as of September 30, 2017.

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 2010 - 2016 is not available

See Accompanying Independent Auditors' Report.

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

Schedule of Salaries, Wages and Benefits (Unaudited)
Year Ended September 30, 2019

Salaries	\$ 4,863,804
Retirement benefits	1,282,770
Benefits other than retirement	350,017
Overtime pay	<u>117,783</u>
Total salaries, wages and benefits	\$ <u>6,614,374</u>
Employees at end of year	<u>100</u>

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program for the year ended September 30, 2019.

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position
September 30, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>Major Enterprise Funds</u>	<u>Non-Major Enterprise Funds</u>	<u>Other Enterprise Funds</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 13,947,445	\$ 830,935	\$ 834,976	\$ -	\$ 15,613,356
Receivables, net:					
Due from other funds	1,121,033	7,575	5,288,133	(6,416,741)	-
HUD	260,542	424,091	-	-	684,633
Notes receivable - current	98,455	-	254,498	-	352,953
Tenants	144,217	23,209	-	-	167,426
Other government	-	-	9,774	-	9,774
Accrued interest receivable	2,377	-	1	-	2,378
Miscellaneous	320,190	-	115,773	-	435,963
Allowance for doubtful accounts	(24,751)	(17,177)	(187,930)	-	(229,858)
Prepayments and other current assets	31,013	880	74,357	-	106,250
Inventory	<u>254,359</u>	<u>10,269</u>	<u>-</u>	<u>-</u>	<u>264,628</u>
Total current assets	<u>16,154,880</u>	<u>1,279,782</u>	<u>6,389,582</u>	<u>(6,416,741)</u>	<u>17,407,503</u>
Noncurrent assets:					
Notes receivable, net of current portion	4,016,923	-	223,619	-	4,240,542
Capital assets:					
Depreciable assets, net of accumulated depreciation	14,141,876	717,471	556,149	-	15,415,496
Non-depreciable assets	2,860,273	1,380,000	165,105	-	4,405,378
Other real estate	-	-	2,636,152	-	2,636,152
Total noncurrent assets	<u>21,019,072</u>	<u>2,097,471</u>	<u>3,581,025</u>	<u>-</u>	<u>26,697,568</u>
Total assets	<u>37,173,952</u>	<u>3,377,253</u>	<u>9,970,607</u>	<u>(6,416,741)</u>	<u>44,105,071</u>
Deferred outflows of resources:					
Pension	1,460,692	509,261	645,895	-	2,615,848
OPEB	<u>787,790</u>	<u>272,201</u>	<u>330,568</u>	<u>-</u>	<u>1,390,559</u>
Total deferred outflows of resources	<u>2,248,482</u>	<u>781,462</u>	<u>976,463</u>	<u>-</u>	<u>4,006,407</u>
Total assets and deferred outflows of resources	<u>\$ 39,422,434</u>	<u>\$ 4,158,715</u>	<u>\$ 10,947,070</u>	<u>\$ (6,416,741)</u>	<u>\$ 48,111,478</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>					
Current liabilities:					
Accounts payable and other deposits	\$ (67,221)	\$ 26,589	\$ 1,561,416	\$ -	\$ 1,520,784
Due to HUD	14,264	-	-	-	14,264
Due to other funds	2,642,988	422,698	3,351,055	(6,416,741)	-
Current portion of accrued compensated absences	38,540	11,809	21,775	-	72,124
Current portion of note payable	-	75,000	-	-	75,000
Accrued payroll and other liabilities	278,684	35,319	225,301	-	539,304
Unearned revenues	383,498	85,202	25,807	-	494,507
Security and escrow deposits	313,306	17,119	3,173	-	333,598
Other current liabilities	916	21,760	294,923	-	317,599
Total current liabilities	<u>3,604,975</u>	<u>695,496</u>	<u>5,483,450</u>	<u>(6,416,741)</u>	<u>3,367,180</u>
Accrued compensated absences, net of current portion	363,339	123,237	139,154	-	625,730
Note payable, net of current portion	-	821,243	-	-	821,243
Net pension liability	7,463,902	2,624,690	3,462,828	-	13,551,420
OPEB liability	<u>6,589,045</u>	<u>2,276,689</u>	<u>2,764,862</u>	<u>-</u>	<u>11,630,596</u>
Total liabilities	<u>18,021,261</u>	<u>6,541,355</u>	<u>11,850,294</u>	<u>(6,416,741)</u>	<u>29,996,169</u>
Deferred inflows of resources:					
Pension	216,490	74,738	90,363	-	381,591
OPEB	<u>2,599,658</u>	<u>898,250</u>	<u>1,090,855</u>	<u>-</u>	<u>4,588,763</u>
Total deferred inflows of resources	<u>2,816,148</u>	<u>972,988</u>	<u>1,181,218</u>	<u>-</u>	<u>4,970,354</u>
Commitments and contingencies					
Net position:					
Net investment in capital assets	17,002,149	1,201,228	3,357,406	-	21,560,783
Restricted	16,203,489	538,244	79,214	-	16,820,947
Unrestricted	<u>(14,620,613)</u>	<u>(5,095,100)</u>	<u>(5,521,062)</u>	<u>-</u>	<u>(25,236,775)</u>
Total net position	<u>18,585,025</u>	<u>(3,355,628)</u>	<u>(2,084,442)</u>	<u>-</u>	<u>13,144,955</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,422,434</u>	<u>\$ 4,158,715</u>	<u>\$ 10,947,070</u>	<u>\$ (6,416,741)</u>	<u>\$ 48,111,478</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, 2019

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total
Operating revenues:					
HUD PHA Operating Grants	\$ 36,455,061	\$ 4,818,917	\$ -	\$ -	\$ 41,273,978
Tenant rental income	722,443	137,947	-	-	860,390
Management fees	-	-	1,097,288	(1,097,288)	-
Asset management fees	-	-	90,000	(90,000)	-
Bookkeeping fees	-	-	275,753	(275,753)	-
Other income	172,022	141,537	27,259	-	340,818
Total operating revenues	<u>37,349,526</u>	<u>5,098,401</u>	<u>1,490,300</u>	<u>(1,463,041)</u>	<u>42,475,186</u>
Operating expenses:					
Housing assistance payments	28,598,318	-	-	-	28,598,318
Salaries and wages	2,259,070	679,468	1,362,371	-	4,300,909
Repairs and maintenance	1,961,397	2,279,418	8,088	-	4,248,903
Depreciation	2,741,610	131,052	152,029	-	3,024,691
Other administrative expenses	1,445,972	1,072,245	46,439	-	2,564,656
Employee benefits	1,623,023	431,471	(303,084)	-	1,751,410
Utilities	237,297	202,914	84,907	-	525,118
Retiree healthcare costs and other pension benefits	-	-	414,341	-	414,341
Office expense	244,774	45,997	39,889	-	330,660
Professional fees	50,264	9,239	53,148	-	112,651
Insurance	66,375	5,800	10,093	-	82,268
Advertising	45,231	16,484	4,733	-	66,448
Compensated absences	68,062	33,543	(50,647)	-	50,958
Travel	-	16,306	4,745	-	21,051
Protective services	3,159	-	-	-	3,159
Management fees	1,057,808	39,480	-	(1,097,288)	-
Bookkeeping fees	275,753	-	-	(275,753)	-
Asset management fees	90,000	-	-	(90,000)	-
(Recovery of) bad debts expense	(14,695)	(4,316)	3,590	-	(15,421)
Total operating expenses	<u>40,753,418</u>	<u>4,959,101</u>	<u>1,830,642</u>	<u>(1,463,041)</u>	<u>46,080,120</u>
Operating income (loss)	<u>(3,403,892)</u>	<u>139,300</u>	<u>(340,342)</u>	<u>-</u>	<u>(3,604,934)</u>
Nonoperating revenues (expenses):					
Contributions from GovGuam for retiree benefits	-	-	414,569	-	414,569
Fraud recovery	49,982	-	-	-	49,982
Interest income	14,159	53	364	-	14,576
Other income	79,918	918	-	-	80,836
Casualty losses	(21,833)	-	-	-	(21,833)
Interest expense	-	(56,406)	-	-	(56,406)
Total nonoperating revenues (expenses), net	<u>122,226</u>	<u>(55,435)</u>	<u>414,933</u>	<u>-</u>	<u>481,724</u>
Income (loss) before capital grants and contributions	<u>(3,281,666)</u>	<u>83,865</u>	<u>74,591</u>	<u>-</u>	<u>(3,123,210)</u>
Capital grants and contributions:					
Federal grants	1,618,292	-	-	-	1,618,292
Change in net position	<u>(1,663,374)</u>	<u>83,865</u>	<u>74,591</u>	<u>-</u>	<u>(1,504,918)</u>
Net position at the beginning of the year, as previously reported	15,569,217	(3,439,493)	(3,282,718)	-	8,847,006
Restatement	4,679,182	-	1,123,685	-	5,802,867
Net position at the beginning of the year, as restated	<u>20,248,399</u>	<u>(3,439,493)</u>	<u>(2,159,033)</u>	<u>-</u>	<u>14,649,873</u>
Net position at the end of the year	<u>\$ 18,585,025</u>	<u>\$ (3,355,628)</u>	<u>\$ (2,084,442)</u>	<u>\$ -</u>	<u>\$ 13,144,955</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, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Section 8 Housing Choice Voucher	Low Income Housing	Public Housing Capital Fund Program	HOME Investment Partnerships Program	Continuum of Care Program	Total
Current assets:						
Cash and cash equivalents	\$ 1,965,250	\$ 11,547,541	\$ -	\$ 434,654	\$ -	\$ 13,947,445
Receivables, net:						
Due from other funds	-	900,295	220,738	-	-	1,121,033
HUD	(40,647)	280	145,111	153,127	2,671	260,542
Notes receivable - current	-	-	-	98,455	-	98,455
Tenants	120,004	24,078	-	135	-	144,217
Accrued interest receivable	-	20	-	2,357	-	2,377
Miscellaneous	320,190	-	-	-	-	320,190
Allowance for doubtful accounts	-	(22,519)	-	(2,232)	-	(24,751)
Prepayments and other current assets	7,067	23,946	-	-	-	31,013
Inventory	-	254,359	-	-	-	254,359
Total current assets	<u>2,371,864</u>	<u>12,728,000</u>	<u>365,849</u>	<u>686,496</u>	<u>2,671</u>	<u>16,154,880</u>
Noncurrent assets:						
Notes receivable, net of current portion	-	-	-	4,016,923	-	4,016,923
Capital assets:						
Depreciable assets, net of accumulated depreciation	169,921	5,304,857	7,960,969	706,129	-	14,141,876
Non-depreciable assets	-	2,130,777	729,496	-	-	2,860,273
Total noncurrent assets	<u>169,921</u>	<u>7,435,634</u>	<u>8,690,465</u>	<u>4,723,052</u>	<u>-</u>	<u>21,019,072</u>
Total assets	<u>2,541,785</u>	<u>20,163,634</u>	<u>9,056,314</u>	<u>5,409,548</u>	<u>2,671</u>	<u>37,173,952</u>
Deferred outflows of resources:						
Pension	615,829	734,836	-	110,027	-	1,460,692
OPEB	295,683	438,495	-	53,612	-	787,790
Total deferred outflows of resources	<u>911,512</u>	<u>1,173,331</u>	<u>-</u>	<u>163,639</u>	<u>-</u>	<u>2,248,482</u>
Total assets and deferred outflows of resources	<u>\$ 3,453,297</u>	<u>\$ 21,336,965</u>	<u>\$ 9,056,314</u>	<u>\$ 5,573,187</u>	<u>\$ 2,671</u>	<u>\$ 39,422,434</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>						
Current liabilities:						
Accounts payable and other deposits	\$ (68,702)	\$ 1,462	\$ -	\$ 19	\$ -	\$ (67,221)
Due to HUD	14,264	-	-	-	-	14,264
Due to other funds	892,480	1,704,476	(73,396)	119,428	-	2,642,988
Current portion of accrued compensated absences	14,208	21,288	-	3,044	-	38,540
Accrued payroll and other liabilities	58,155	203,153	10,553	4,152	2,671	278,684
Unearned revenues	63,588	-	305,973	13,937	-	383,498
Security and escrow deposits	167,853	137,203	-	8,250	-	313,306
Unearned revenues, net of current portion	-	916	-	-	-	916
Total current liabilities	<u>1,141,846</u>	<u>2,068,498</u>	<u>243,130</u>	<u>148,830</u>	<u>2,671</u>	<u>3,604,975</u>
Accrued compensated absences, net of current portion	131,952	204,463	-	26,924	-	363,339
Net pension liability	3,479,736	3,369,618	-	614,548	-	7,463,902
OPEB liability	2,473,075	3,667,565	-	448,405	-	6,589,045
Total liabilities	<u>7,226,609</u>	<u>9,310,144</u>	<u>243,130</u>	<u>1,238,707</u>	<u>2,671</u>	<u>18,021,261</u>
Deferred inflows of resources:						
Pension	80,275	121,636	-	14,579	-	216,490
OPEB	975,733	1,447,010	-	176,915	-	2,599,658
Total deferred inflows of resources	<u>1,056,008</u>	<u>1,568,646</u>	<u>-</u>	<u>191,494</u>	<u>-</u>	<u>2,816,148</u>
Commitments and contingencies						
Net position:						
Net investment in capital assets	169,921	7,435,634	8,690,465	706,129	-	17,002,149
Restricted	1,098,066	10,455,039	122,719	4,527,665	-	16,203,489
Unrestricted	(6,097,307)	(7,432,498)	-	(1,090,808)	-	(14,620,613)
Total net position	<u>(4,829,320)</u>	<u>10,458,175</u>	<u>8,813,184</u>	<u>4,142,986</u>	<u>-</u>	<u>18,585,025</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,453,297</u>	<u>\$ 21,336,965</u>	<u>\$ 9,056,314</u>	<u>\$ 5,573,187</u>	<u>\$ 2,671</u>	<u>\$ 39,422,434</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, 2019

	Section 8 Housing Choice Voucher	Low Income Housing	Public Housing Capital Fund Program	HOME Investment Partnerships Program	Continuum of Care Program	Total
Operating revenues:						
HUD PHA Operating Grants	\$ 30,179,391	\$ 3,863,520	\$ 513,645	\$ 1,001,122	\$ 897,383	\$ 36,455,061
Tenant rental income	-	702,532	-	19,911	-	722,443
Other income	-	103,376	1,680	66,966	-	172,022
Total operating revenues	30,179,391	4,669,428	515,325	1,087,999	897,383	37,349,526
Operating expenses:						
Housing assistance payments	28,598,318	-	-	-	-	28,598,318
Salaries and wages	1,095,132	930,733	105,141	89,253	38,811	2,259,070
Repairs and maintenance	-	1,403,482	-	557,915	-	1,961,397
Depreciation	22,048	1,450,789	1,268,773	-	-	2,741,610
Other administrative expenses	81,436	276,754	224,390	20,140	843,252	1,445,972
Employee benefits	609,249	911,845	35,226	54,074	12,629	1,623,023
Utilities	-	237,297	-	-	-	237,297
Office expense	121,859	121,906	26	917	66	244,774
Professional fees	33,484	12,090	-	2,065	2,625	50,264
Insurance	5,713	59,884	-	778	-	66,375
Advertising	18,343	9,316	12,888	4,684	-	45,231
Compensated absences	11,729	51,448	-	4,885	-	68,062
Protective services	-	3,159	-	-	-	3,159
Management fees	361,525	605,444	90,839	-	-	1,057,808
Bookkeeping fees	209,962	65,791	-	-	-	275,753
Asset management fees	-	90,000	-	-	-	90,000
Recovery of bad debts	-	(14,829)	-	134	-	(14,695)
Total operating expenses	31,168,798	6,215,109	1,737,283	734,845	897,383	40,753,418
Operating income (loss)	(989,407)	(1,545,681)	(1,221,958)	353,154	-	(3,403,892)
Nonoperating revenues (expenses):						
Fraud recovery	49,982	-	-	-	-	49,982
Interest income	-	14,159	-	-	-	14,159
Other income	61,703	18,215	-	-	-	79,918
Casualty losses	-	(21,833)	-	-	-	(21,833)
Total nonoperating revenues (expenses), net	111,685	10,541	-	-	-	122,226
Income (loss) before capital grants and contributions	(877,722)	(1,535,140)	(1,221,958)	353,154	-	(3,281,666)
Capital grants and contributions:						
Federal grants	-	-	1,618,292	-	-	1,618,292
Change in net position	(877,722)	(1,535,140)	396,334	353,154	-	(1,663,374)
Net position at the beginning of the year, as previously reported	(3,951,598)	11,993,315	8,416,850	(889,350)	-	15,569,217
Restatement	-	-	-	4,679,182	-	4,679,182
Net position at the beginning of the year, as restated	(3,951,598)	11,993,315	8,416,850	3,789,832	-	20,248,399
Net position at the end of the year	\$ (4,829,320)	\$ 10,458,175	\$ 8,813,184	\$ 4,142,986	\$ -	\$ 18,585,025

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, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Community Development Block Grant	Supportive Housing for the Elderly	Emergency Solutions Grants Program	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	<u>Total</u>
Current assets:										
Cash and cash equivalents	\$ 139,035	\$ 691,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 830,935
Receivables, net:										
Due from other funds	100	(276)	-	-	-	-	-	-	7,751	7,575
HUD	266,662	-	825	28,194	55,717	-	-	72,693	-	424,091
Tenants	19,534	3,675	-	-	-	-	-	-	-	23,209
Allowance for doubtful accounts	(14,407)	(2,770)	-	-	-	-	-	-	-	(17,177)
Prepayments and other current assets	171	709	-	-	-	-	-	-	-	880
Inventory	-	10,269	-	-	-	-	-	-	-	10,269
Total current assets	<u>411,095</u>	<u>703,507</u>	<u>825</u>	<u>28,194</u>	<u>55,717</u>	<u>-</u>	<u>-</u>	<u>72,693</u>	<u>7,751</u>	<u>1,279,782</u>
Noncurrent assets:										
Capital assets:										
Depreciable assets, net of accumulated depreciation	110,691	606,780	-	-	-	-	-	-	-	717,471
Non-depreciable assets	-	1,380,000	-	-	-	-	-	-	-	1,380,000
Total noncurrent assets	<u>110,691</u>	<u>1,986,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,097,471</u>
Total assets	<u>521,786</u>	<u>2,690,287</u>	<u>825</u>	<u>28,194</u>	<u>55,717</u>	<u>-</u>	<u>-</u>	<u>72,693</u>	<u>7,751</u>	<u>3,377,253</u>
Deferred outflows of resources:										
Pension	413,910	29,047	-	9,326	8,729	-	-	48,249	-	509,261
OPEB	201,681	25,941	-	8,786	8,224	-	-	27,569	-	272,201
Total deferred outflows of resources	<u>615,591</u>	<u>54,988</u>	<u>-</u>	<u>18,112</u>	<u>16,953</u>	<u>-</u>	<u>-</u>	<u>75,818</u>	<u>-</u>	<u>781,462</u>
Total assets and deferred outflows of resources	<u>\$ 1,137,377</u>	<u>\$ 2,745,275</u>	<u>\$ 825</u>	<u>\$ 46,306</u>	<u>\$ 72,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,511</u>	<u>\$ 7,751</u>	<u>\$ 4,158,715</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>										
Current liabilities:										
Accounts payable and other deposits	\$ 1,978	\$ 24,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,589
Due to other funds	162,949	176,086	-	21,138	10,634	295	600	43,847	7,149	422,698
Current portion of accrued compensated absences	7,527	1,630	-	152	1,361	-	-	1,139	-	11,809
Current portion of note payable	-	75,000	-	-	-	-	-	-	-	75,000
Accrued payroll and other liabilities	17,568	5,136	825	1,868	1,831	-	-	8,091	-	35,319
Unearned revenues	83,902	-	-	-	-	-	1,300	-	-	85,202
Security and escrow deposits	3,492	13,627	-	-	-	-	-	-	-	17,119
Other current liabilities	-	21,760	-	-	-	-	-	-	-	21,760
Total current liabilities	<u>277,416</u>	<u>317,850</u>	<u>825</u>	<u>23,158</u>	<u>13,826</u>	<u>295</u>	<u>1,900</u>	<u>53,077</u>	<u>7,149</u>	<u>695,496</u>
Accrued compensated absences, net of current portion	65,917	16,356	-	1,744	26,819	-	-	12,401	-	123,237
Note payable, net of current portion	-	821,243	-	-	-	-	-	-	-	821,243
Net pension liability	2,311,871	54,569	-	13,344	12,491	-	-	232,415	-	2,624,690
OPEB liability	1,686,857	216,970	-	73,488	68,790	-	-	230,584	-	2,276,689
Total liabilities	<u>4,342,061</u>	<u>1,426,988</u>	<u>825</u>	<u>111,734</u>	<u>121,926</u>	<u>295</u>	<u>1,900</u>	<u>528,477</u>	<u>7,149</u>	<u>6,541,355</u>
Deferred inflows of resources:										
Pension	54,844	7,405	-	2,516	2,355	-	-	7,618	-	74,738
OPEB	665,537	85,604	-	28,994	27,140	-	-	90,975	-	898,250
Total deferred inflows of resources	<u>720,381</u>	<u>93,009</u>	<u>-</u>	<u>31,510</u>	<u>29,495</u>	<u>-</u>	<u>-</u>	<u>98,593</u>	<u>-</u>	<u>972,988</u>
Commitments and contingencies										
Net position:										
Net investment in capital assets	110,691	1,090,537	-	-	-	-	-	-	-	1,201,228
Restricted	67,762	444,301	-	3,292	15,072	-	-	7,215	602	538,244
Unrestricted	(4,103,518)	(309,560)	-	(100,230)	(93,823)	(295)	(1,900)	(485,774)	-	(5,095,100)
Total net position	<u>(3,925,065)</u>	<u>1,225,278</u>	<u>-</u>	<u>(96,938)</u>	<u>(78,751)</u>	<u>(295)</u>	<u>(1,900)</u>	<u>(478,559)</u>	<u>602</u>	<u>(3,355,628)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,137,377</u>	<u>\$ 2,745,275</u>	<u>\$ 825</u>	<u>\$ 46,306</u>	<u>\$ 72,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,511</u>	<u>\$ 7,751</u>	<u>\$ 4,158,715</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 - Non-Major Enterprise Funds
Year Ended September 30, 2019

	Community Development Block Grant	Supportive Housing for the Elderly	Emergency Solutions Grants Program	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	\$ 3,567,673	\$ 602,984	\$ 393,503	\$ 37,076	\$ 84,419	\$ -	\$ 133,262	\$ -	\$ 4,818,917	
Tenant rental income	34,725	103,222	-	-	-	-	-	-	-	137,947
Other income	141,537	-	-	-	-	-	-	-	-	141,537
Total operating revenues	3,743,935	706,206	393,503	37,076	84,419	-	133,262	-	-	5,098,401
Operating expenses:										
Salaries and wages	391,024	87,957	27,417	33,543	34,853	-	-	104,674	-	679,468
Repairs and maintenance	2,266,700	12,718	-	-	-	-	-	-	-	2,279,418
Depreciation	20,000	111,052	-	-	-	-	-	-	-	131,052
Other administrative expenses	685,654	25,913	356,544	3,681	453	-	-	-	-	1,072,245
Employee benefits	233,788	136,722	8,885	12,259	33,815	-	-	6,002	-	431,471
Utilities	175	202,739	-	-	-	-	-	-	-	202,914
Office expense	25,177	13,478	-	3,059	4,283	-	-	-	-	45,997
Professional fees	6,673	2,128	438	-	-	-	-	-	-	9,239
Insurance	2,790	3,010	-	-	-	-	-	-	-	5,800
Advertising	12,980	3,285	219	-	-	-	-	-	-	16,484
Compensated absences	11,964	10,699	-	(20,019)	28,180	-	-	2,719	-	33,543
Travel	7,074	-	-	4,451	4,781	-	-	-	-	16,306
Management fees	-	39,480	-	-	-	-	-	-	-	39,480
Recovery of bad debts	-	(4,316)	-	-	-	-	-	-	-	(4,316)
Total operating expenses	3,663,999	644,865	393,503	36,974	106,365	-	-	113,395	-	4,959,101
Operating income (loss)	79,936	61,341	-	102	(21,946)	-	-	19,867	-	139,300
Nonoperating revenues (expenses):										
Interest income	-	53	-	-	-	-	-	-	-	53
Other income	-	918	-	-	-	-	-	-	-	918
Interest expense	-	(56,406)	-	-	-	-	-	-	-	(56,406)
Total nonoperating revenues (expenses), net	-	(55,435)	-	102	(21,946)	-	-	19,867	-	(55,435)
Change in net position	79,936	5,906	-	102	(21,946)	-	-	19,867	-	83,865
Net position at the beginning of the year	(4,005,001)	1,219,372	-	(97,040)	(56,805)	(295)	(1,900)	(498,426)	602	(3,439,493)
Net position at the end of the year	\$ (3,925,065)	\$ 1,225,278	\$ -	\$ (96,938)	\$ (78,751)	\$ (295)	\$ (1,900)	\$ (478,559)	\$ 602	\$ (3,355,628)

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, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Local Funds	Revolving Funds	Trust Funds	Other Funds	Total
Current assets:					
Cash and cash equivalents	\$ 192,801	\$ 498,505	\$ 75,348	\$ 68,322	\$ 834,976
Receivables, net:					
Due from other funds	1,019,304	3,718,155	3,865	546,809	5,288,133
Notes receivable - current	254,498	-	-	-	254,498
Other government	-	9,774	-	-	9,774
Accrued interest receivable	-	-	1	-	1
Miscellaneous	4,740	107,593	-	3,440	115,773
Allowance for doubtful accounts	(185,380)	(2,550)	-	-	(187,930)
Prepayments and other current assets	1,249	73,108	-	-	74,357
Total current assets	<u>1,287,212</u>	<u>4,404,585</u>	<u>79,214</u>	<u>618,571</u>	<u>6,389,582</u>
Noncurrent assets:					
Notes receivable, net of current portion	223,619	-	-	-	223,619
Capital assets:					
Depreciable assets, net of accumulated depreciation	267,998	10,450	-	277,701	556,149
Non-depreciable assets	-	41,598	-	123,507	165,105
Other real estate	<u>2,636,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636,152</u>
Total noncurrent assets	<u>3,127,769</u>	<u>52,048</u>	<u>-</u>	<u>401,208</u>	<u>3,581,025</u>
Total assets	<u>4,414,981</u>	<u>4,456,633</u>	<u>79,214</u>	<u>1,019,779</u>	<u>9,970,607</u>
Deferred outflows of resources:					
Pension	645,895	-	-	-	645,895
OPEB	<u>330,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,568</u>
Total deferred outflows of resources	<u>976,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,463</u>
Total assets and deferred outflows of resources	<u>\$ 5,391,444</u>	<u>\$ 4,456,633</u>	<u>\$ 79,214</u>	<u>\$ 1,019,779</u>	<u>\$ 10,947,070</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>					
Current liabilities:					
Accounts payable and other deposits	\$ 25,553	\$ 1,535,863	\$ -	\$ 1,561,416	
Due to other funds	(106,121)	2,044,465	-	1,412,711	3,351,055
Current portion of accrued compensated absences	21,775	-	-	-	21,775
Accrued payroll and other liabilities	85,327	139,974	-	-	225,301
Unearned revenues	20,542	5,265	-	-	25,807
Security and escrow deposits	3,173	-	-	-	3,173
Other current liabilities	-	294,923	-	-	294,923
Total current liabilities	<u>50,249</u>	<u>4,020,490</u>	<u>-</u>	<u>1,412,711</u>	<u>5,483,450</u>
Accrued compensated absences, net of current portion	139,154	-	-	-	139,154
Net pension liability	3,462,828	-	-	-	3,462,828
OPEB liability	<u>2,764,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,764,862</u>
Total liabilities	<u>6,417,093</u>	<u>4,020,490</u>	<u>-</u>	<u>1,412,711</u>	<u>11,850,294</u>
Deferred inflows of resources:					
Pension	90,363	-	-	-	90,363
OPEB	<u>1,090,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,855</u>
Total deferred inflows of resources	<u>1,181,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,181,218</u>
Commitments and contingencies					
Net position:					
Net investment in capital assets	2,904,150	52,048	-	401,208	3,357,406
Restricted	-	-	79,214	-	79,214
Unrestricted	<u>(5,111,017)</u>	<u>384,095</u>	<u>-</u>	<u>(794,140)</u>	<u>(5,521,062)</u>
Total net position	<u>(2,206,867)</u>	<u>436,143</u>	<u>79,214</u>	<u>(392,932)</u>	<u>(2,084,442)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,391,444</u>	<u>\$ 4,456,633</u>	<u>\$ 79,214</u>	<u>\$ 1,019,779</u>	<u>\$ 10,947,070</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 - Other Enterprise Funds
Year Ended September 30, 2019

	Local Funds	Revolving Funds	Trust Funds	Other Funds	Total
Operating revenues:					
Management fees	\$ 1,097,288	\$ -	\$ -	\$ -	\$ 1,097,288
Asset management fees	90,000	-	-	-	90,000
Bookkeeping fees	275,753	-	-	-	275,753
Other income	70,847	(43,588)	-	-	27,259
Total operating revenues	1,533,888	(43,588)	-	-	1,490,300
Operating expenses:					
Salaries and wages	1,283,023	79,348	-	-	1,362,371
Repairs and maintenance	8,088	-	-	-	8,088
Depreciation	76,014	-	-	76,015	152,029
Other administrative expenses	24,937	21,502	-	-	46,439
Employee benefits	(329,430)	26,346	-	-	(303,084)
Utilities	84,907	-	-	-	84,907
Retiree healthcare costs and other pension benefits	-	414,341	-	-	414,341
Office expense	39,580	309	-	-	39,889
Professional fees	52,754	263	-	131	53,148
Insurance	10,093	-	-	-	10,093
Advertising	4,594	139	-	-	4,733
Compensated absences	(50,647)	-	-	-	(50,647)
Travel	4,745	-	-	-	4,745
Bad debts	3,590	-	-	-	3,590
Total operating expenses	1,212,248	542,248	-	76,146	1,830,642
Operating income (loss)	321,640	(585,836)	-	(76,146)	(340,342)
Nonoperating revenues:					
Contributions from GovGuam for retiree benefits	-	414,569	-	-	414,569
Interest income	138	64	77	85	364
Total nonoperating revenues	138	414,633	77	85	414,933
Change in net position					
Net position at the beginning of the year, as previously reported	321,778	(171,203)	77	(76,061)	74,591
Restatement	(3,652,330)	607,346	79,137	(316,871)	(3,282,718)
Net position at the beginning of the year, as restated	1,123,685	-	-	-	1,123,685
Net position at the end of the year	(2,528,645)	607,346	79,137	(316,871)	(2,159,033)
\$ (2,206,867) \$ 436,143 \$ 79,214 \$ (392,932) \$ (2,084,442)					

See Accompanying Independent Auditors' Report.