

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**

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

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**FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

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**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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

Years Ended September 30, 2021 and 2020  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Guam Housing and Urban Renewal Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2021 and 2020, the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHURA as of September 30, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Emphasis of Matter***

### *COVID-19*

As discussed in Note 2 to the financial statements, GHURA's operations have been affected by the recent and ongoing outbreak of the coronavirus disease. As a result of the spread of the COVID-19 coronavirus, governments worldwide implemented actions to restrict travel and economic activities. Our conclusion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 23 as well as the Schedules of Proportionate Share of the Net Pension Liability on pages 60 through 62, the Schedule of Pension Contributions on page 63, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 64, the Schedule of Proportionate Share of the Total OPEB Liability on page 65 and the Schedule of OPEB Employer Contributions on page 66 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 other supplementary information, on pages 68 through 75 is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 other supplementary information on pages 68 through 75 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The supplemental schedule of salaries, wages and benefits on page 67 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 May 9, 2022, 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 + Tatchell LLP". The signature is written in a cursive, slightly stylized font.

May 9, 2022

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY  
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Management's Discussion and Analysis  
Years Ended September 30, 2021 and 2020

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, 2021.

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 109 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.

**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 and deferred outflows of resources, minus liabilities and deferred inflow of resources, equal "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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The focus of the Statement of Net Position (the "*Unrestricted Net Position*") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

*Net Investment in Capital Assets:* 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", or "Restricted Net Position".

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

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

### **Enterprises Fund Financial Statements**

Traditional users of governmental financial statements will find the Enterprises 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. Department of 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 Talofofu and Talofofu Elderly.
- AMP 3 – Site Base consists of 195 units located at Agat, Agat Elderly, Merizo, Merizo Elderly, and Umatac.
- AMP 4 – Site Base consists of 234 units located at Toto, Dededo, and Dededo Elderly.

Each AMP has a 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.



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

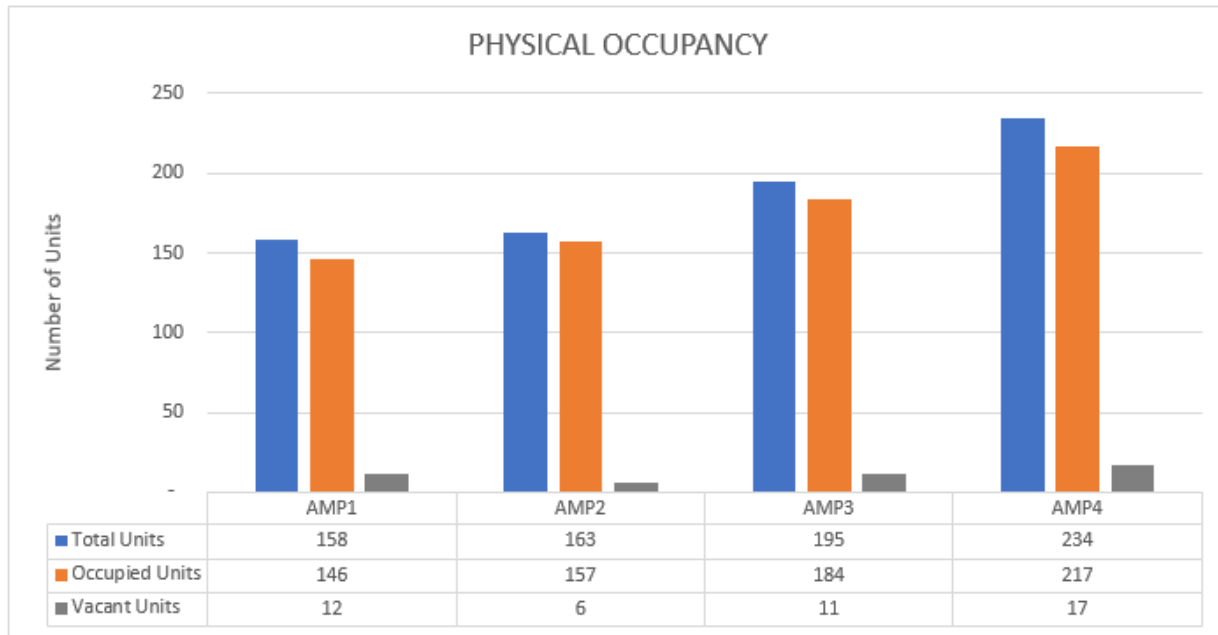
**Head of Household Nationality (By birthplace only)**

	<b>AMP1</b>	<b>AMP2</b>	<b>AMP3</b>	<b>AMP4</b>
<b>CHUUK</b>	39	58	44	129
<b>FSM</b>	1	1	2	3
<b>GUAM</b>	65	71	96	573
<b>JAPAN</b>	1	0	1	0
<b>KOREA</b>	1	1	3	7
<b>MARSHALL ISL.</b>	2	1	1	6
<b>N MARIANAS</b>	1	2	0	3
<b>PALAU</b>	2	0	0	15
<b>PHILIPPINES</b>	3	2	12	57
<b>POHNPEI</b>	0	1	5	8
<b>SAIPAN</b>	13	8	6	30
<b>SAMOA</b>	0	1	1	0
<b>TINIAN</b>	0	1	0	0
<b>U.S.</b>	8	4	9	24
<b>YAP</b>	0	1	1	1
<b>OTHER</b>	5	1	2	12
	141	153	183	868

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At the end of FY 2021, GHURA had 704 units occupied with 97% occupancy rate and an adjusted rate of 96.4% with 27 units under modernization. For the fiscal year ended September 30, 2021, GHURA received \$4.9 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 \$2.6 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 is recovering from the challenges imposed by the 2020-21 pandemic and is almost back to normal operations. The moratorium on evictions and waivers have ended; annual and interim renewals, and performance of the physical Housing Quality (HQS) Inspections, are back on track. However, because Government of Guam imposed restrictions still exist, oral briefings have yet to be implemented. Families are still receiving briefings on a one-to-one basis.

In July 2021, GHURA implemented its first Emergency Housing Vouchers Program. GHURA was awarded 87 vouchers to assist homeless families. The EHV Program was funded through the American Rescue Plan Act of 2021 (P.L. 117-2) and the purpose of the program was to assist individuals and families who were experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family’s homelessness or having high risk of housing instability (Notice PIH 2021-15 (HA)).

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The EHV Program required the PHA to partner the local Guam's Continuum of Care System. GHURA and the Guam Homeless Coalition entered into a partnership to serve Guam's homeless. The Homeless Coalition partners performed the in-take and referral of families, and GHURA determines eligibility for admission and processing of the family's assistance. In addition to the standard administrative fee that comes with leasing Section 8 vouchers, the EHV Program came with essential service fees designed to help families with such requirements as security deposit, utility hook ups and arrears, first month's rent, rental application and holding fees. The EHV program provides an advantage for families, who otherwise, would not qualify due to poor rental history and/or criminal history. The only two mandatory prohibitions for denying assistance are (1) individual applicants must not have been convicted for drug-related criminal activity involving the manufacturing or production of methamphetamine on the premises of a federally assisted housing and (2) individuals must not be a registered sex offender.

At the end of 2021, the Section 8 HCV Program's leased up activity consisted of:

- Section 8 HCV (authorized 2,083 vouchers), leased 94%
- Non-Elderly Disabled Program (authorized 175 vouchers), leased 89%
- Mainstream Vouchers (authorized 15 vouchers), leased 100%
- Family Unification Program (authorized 130 vouchers), leased 103.85%
- Veteran Affairs Supportive Housing Program (authorized 66), leased 70%
- Project-based Voucher (authorized 112 vouchers), leased 98%
- Emergency Housing Program (authorized 87 vouchers), leased at 68%

The Section 8 Housing Choice Voucher Program aims to increase its leasing activities in FY2022, particularly in some of its target funded programs such as the Non-Elderly Disabled Program and the Veteran Affairs Supportive Housing Program.

**Section HCV Tenant Statistics:**

In 2021, GHURA Section 8 HCV Program participant characteristics are as follows:

- The average housing assistance paid was \$1,270.
- The average tenant rent was \$163.30.
- Leased unit sizes per number of bedrooms: 1,006 three-bedrooms; 598 two-bedrooms; 384 four-bedrooms; 252 one-bedroom; 89 five-bedroom; 9 six-bedrooms; and 5 studios.
- Number of female head of households 1,883
- Number of male head of households 461
- Race breakdown: Pacific Islander 2,191; Asian 171, White 31, and Black 3
- Family size Breakdown: families 1,783, singles 268 and couples 293
- Disabled and elderly breakdown: 315 with disability and 240 elderlies

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**The Family Self-sufficiency Program:**

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

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

Over the course of 2021, and in line with COVID-19 pandemic limitations, FSS Program Coordinators continued to employ alternate means of ensuring continuity of services for FSS families. Families were provided with case coaching, education, job search and career development workshops, and linkage to additional needed services and critical pandemic related information by continuing to offer virtually based one-to-one appointments. These included virtual orientations, enrollments, basic needs assessments and service coordination, as well as progress-based appointments. Additionally, Coordinators continued to execute an aggressive outreach campaign (virtually, and via telephone, email, and quarterly newsletters) to ensure that FSS families were continuously made aware of essential services and resources available to them.

Through continued collaboration with Program Coordinating Committee (PCC) partners, FSS families continued to avail of virtual Renters-101 workshops, virtual Budgeting workshops, both virtual and in-person job fairs, career development workshops, and academic advisement services, as well as both virtual and in-person cost-free training opportunities, which provided both certifications and job placement. These trainings were offered through the Guam Community College and the Guam Visitors Bureau.

At the end of 2021, the FSS Program enrolled 45 new families, and serviced 174 (133 Section-8 HCV and 41 Public Housing) participants. Of these, approximately 44% were holding escrow balances. Furthermore, the FSS Program successfully graduated two FSS families from the program for effectively fulfilling the conditions of the program, achieving all their named goals and activities, and completing their respective Individual Training & Services Plan (ITSP). The total escrow payout for these two families was approximately \$39,152. Escrow earnings were approximately \$25,024 and \$14,128, respectively.

In conclusion, with the unwavering support of GHURA's staff and management, FSS Coordinators concluded 2021 by successfully organizing its 5th annual Toys-for-Tots toy-drive. The 2021 drive allowed for the distribution of 172 Christmas gifts for FSS families and GHURA tenant families with children aged 0 – 17 years.

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**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 HUD's Multifamily Housing program. These subsidies cover both the annual operating expenses and mortgage payments.

In compliance with Federal Regulations, a Capital Needs Assessment (CNA) and Section 504 Transition Plan was conducted on October 2013. An estimate of \$2.6 Million was identified to address improvements in order to operate over the next 20 years. GHURA has identified funding in Project Reserves to address this requirement.

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

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

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

Phase III – 8 units completed on December 12, 2021; total cost \$151,300

**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 is the Grantee of recipient of entitlement awarded funds from HUD's CPD Office to address housing and community needs in Guam. GHURA is the administrator of these funds for the Government of Guam 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 Hearth Emergency Solutions Grant (HESG). GHURA also administers funds competitively awarded under the Continuum of Care (CoC) Program to address the needs of homeless populations.

In fiscal year 2021 alone, a total of \$4,446,849 was approved by HUD to fund eligible projects and activities with formula grant funds. CoC funds totaling \$1,437,932 were approved for activities in fiscal year 2021. In addition, \$5,550,151 of CDBG and HESG CARES Act (CDBG-CV and HESG-CV, respectively) funds was awarded to prevent, prepare for and respond to coronavirus. 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 (2020-2024)*".

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**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 such as the following:

*Public Service –*

- (1) To support the operations of a shelter for special needs individuals, homeless men and men of low/moderate income in recovery from substance abuse.
- (2) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received match funding to support the operation of the Homeless Management Information System (HMIS). HMIS is the repository for data that tracks the assistance provided to the island's homeless through the various government and non-profit service providers.
- (3) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received funds for operations to administer homeless prevention and rapid re-housing services under the Emergency Solutions Grant.
- (4) The Opportunity Initiative is a program administered by the Big Brothers Big Sisters of Guam to provide on-site enrichment activities and curriculum-based programs to enhance work readiness and literacy skills for youth and adults.
- (5) Guam's Alternative Lifestyle Association (GALA) received funds to provide work-force development assistance for youth and families, adult workplace mentorship, and family literacy programs for adult and youth.
- (6) To provide one-to-one counseling, homebuyer education, group education; and case management to eligible families under the HOME, Section 8, and PHA programs.

*Program Administration and Consolidated Planning –*

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

**CDBG Section 108 Loan Guarantee Program**

In December 2020, GHURA and HUD entered into a loan agreement for \$12M for the development of a public facility to serve as the campus of the iLearn Academy Charter School (iLACS). GHURA in turn entered into a subrecipient agreement and loan agreement with The Learning Institute, Inc., a local non-profit organization, to develop the project. Under construction in Dededo, the iLACS campus will consist of a main school building, cafeteria, and gymnasium to serve a population of up to 900 kindergartens through fifth grade students.

**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:

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

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**Hearth Emergency Solutions Grant (HESG)**

In FY2021, HESG funded activities serving homeless populations and those individuals and families at or below 30% of Area Median Income. HESG funds were used to provide homeless prevention to income-eligible individuals and families, and rapid re-housing services to homeless individuals and families.

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

**Cares Act Funds (CDBG-CV and HESG-CV)**

In FY2021, \$5,550,151 of CDBG and HESG CARES Act funds was awarded to prevent, prepare for and respond to coronavirus activities for the benefit of low- and moderate-income and homeless populations across the island. A total of \$8,224,648 was awarded to include FY2020's award of \$2,674,497.

Guam uses CARES Act Funds to address the needs of eligible individuals and households negatively impacted by the Coronavirus Pandemic. In the current reporting year, CDBG-CV and HESG-CV funds were used for such activities as the following:

*CDBG Public Service* –

- (1) Mortgage Relief Program – Funds were provided to the Guam Housing Corporation, a semi-autonomous agency of the Government of Guam to provide mortgage relief in the form of direct grant assistance to income-qualified homeowners in a delinquent position to their lenders on their primary homes.
- (2) Jobs Program – Mañelu used CDBG-CV funds to assist low- and moderate-income individuals newly unemployed or who have reduced work hours as a result of the COVID-19 pandemic through workshops, classes, and case management.

*Program Administration* – GHURA utilized CDBG-CV funds in the administration of the CDBG-CV grant. GHURA allocated a portion of this funding for the administration of the Mortgage Relief Program.

**Continuum of Care Grant Funds**

Housing First Rental Assistance Program-provides rental voucher assistance to homeless individuals. To qualify for assistance, participants must be homeless and disabled by chronic alcohol or drug problems, serious mental illness, or other disabilities. In addition to receiving a rental subsidy, participants receive support services through a network of local service agencies.

Homeless Management Information System (HMIS). HMIS is the data repository to record the provision of services and track participants receiving assistance for homelessness. The service is intended as a tool to improve the provision of services by the numerous service providers.

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

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

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

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

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Coordinated Entry System. Funds used to develop and implement the Coordinated Entry System utilizing the Homeless Management Information System (HMIS). Coordinated entry is a process developed to ensure that all people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred, and connected to housing and assistance based on their strengths and needs. Continuum of Care Planning Costs. GHURA is designated to administer HUD funds on behalf of GovGuam. As the designated Collaborative Applicant, GHURA coordinates CoC activities, conducts monitoring of CoC for program performance and compliance, and provides guidance and assistance to address homelessness.

**Low-Income Housing Tax Credit Program**

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

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

FY2021 proved challenging for LIHTC developers due to the onset of the Coronavirus Pandemic. Labor shortages, the closure of government agencies and permitting being halted intermittently during the duration of the pandemic causing some setbacks for the project on the Villa Del Mar projects located along Toto-Canada Road. However, several units in the first phase of the VDM Developments were able to lease up during the period despite these hurdles.

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



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

\* Individuals and Families

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

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**Authority-Wide Financial Statements**

**Statements of Net Position**

The following summary presented below reflects the condensed 2019 to 2021 Statement of Net Position. GHURA is engaged only in Business-Type Activities.

GHURA's Net Position  
As of September 30  
Table 1

	2021	2020	\$ Change FY 2020 to FY2021	% Change FY 2020 to FY2021	2019
Current and other assets	\$ 28,296,933	\$ 24,084,757	\$ 4,212,176	17.5%	\$ 21,648,045
Capital assets	17,511,594	17,644,865	(133,271)	-0.8%	19,820,874
Other real estate	2,532,193	2,636,152	(103,959)	-3.9%	2,636,152
<b>Total assets</b>	<b>48,340,720</b>	<b>44,365,774</b>	<b>3,974,946</b>	<b>9.0%</b>	<b>44,105,071</b>
Deferred outflows of resources	9,547,261	7,390,493	2,156,768	29.2%	4,006,407
	<b>\$ 57,887,981</b>	<b>\$ 51,756,267</b>	<b>\$ 6,131,714</b>	<b>11.8%</b>	<b>\$ 48,111,478</b>
Current and other liabilities	\$ 37,162,794	\$ 36,100,413	\$ 1,062,381	2.9%	\$ 29,099,926
Long-term debt	3,229,968	821,572	2,408,396	293.1%	896,243
<b>Total liabilities</b>	<b>40,392,762</b>	<b>36,921,985</b>	<b>3,470,777</b>	<b>9.4%</b>	<b>29,996,169</b>
Deferred inflows of resources	5,580,958	3,862,902	1,718,056	44.5%	4,970,354
Net position:					
Net investment in capital assets	19,301,819	19,459,445	(157,626)	-0.8%	21,560,783
Restricted	19,192,375	18,279,634	912,741	5.0%	16,820,947
Unrestricted	(26,579,933)	(26,767,699)	187,766	-0.7%	(25,236,775)
<b>Total net position</b>	<b>11,914,261</b>	<b>10,971,380</b>	<b>942,881</b>	<b>8.6%</b>	<b>13,144,955</b>
	<b>\$ 57,887,981</b>	<b>\$ 51,756,267</b>	<b>\$ 6,131,714</b>	<b>11.8%</b>	<b>\$ 48,111,478</b>

Total assets and deferred outflows of resources of GHURA as of September 30, 2021 amounted to \$57,887,981, an increase of \$6,131,714 or 11.8% as compared to \$51,756,267 as of September 30, 2020. Cash and cash equivalents as of September 30, 2021 totaled \$18,846,127, an increase of \$1,681,328 or approximately 9.8% as compared to \$17,164,799 as of September 30, 2020.

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

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Table 2 presents details of the Change in Unrestricted Net Position for the fiscal years ended September 30, 2019 to 2021. (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

	2021	2020	\$ Change FY 2020 to FY2021	% Change FY 2020 to FY2021	2019
Unrestricted net position, beginning	\$ (26,767,699)	\$ (25,236,775)	\$ (1,530,924)	6.1%	\$ (24,953,410)
Change in net position	942,881	(2,173,575)	3,116,456	-143.4%	(1,504,918)
Adjustments:					
Depreciation (1)	1,988,678	3,431,193	(1,442,515)	-42.0%	3,024,691
Adjusted change in net position	2,931,559	1,257,618	1,673,941	133.1%	1,519,773
Change in restricted net position	(912,741)	(1,458,687)	545,946	-37.4%	(77,743)
Acquisition and disposal of capital assets	(1,751,448)	(1,255,184)	(496,264)	39.5%	(1,655,321)
Proceeds from notes payable	2,448,000	-	2,448,000	-	-
Repayment of long-term debt	(39,604)	(74,671)	35,067	-47.0%	(70,074)
Net change	2,675,766	(1,530,924)	4,206,690	-274.8%	(283,365)
Unrestricted net position	\$ (24,091,933)	\$ (26,767,699)	\$ 2,675,766	-10.0%	\$ (25,236,775)

**Statements of Revenues, Expenses and Changes in Net Position**

The following summary presented below reflects the condensed 2019 to 2021 Statements of Revenues, Expenses and Changes in Net Position.

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

	2021	2020	\$ Change FY 2020 to FY2021	% Change FY 2020 to FY2021	2019
Revenues:					
Operating and capital grants	\$ 51,984,374	\$ 45,400,026	\$ 6,584,348	14.5%	\$ 42,892,270
Tenant rental revenue	798,387	749,460	48,927	6.5%	860,390
Other operating revenues	797,871	359,511	438,360	121.9%	340,818
Nonoperating	601,822	495,144	106,678	21.5%	559,963
<b>Total revenues</b>	<b>54,182,454</b>	<b>47,004,141</b>	<b>7,178,313</b>	<b>15.3%</b>	<b>44,653,441</b>
Expenses:					
Housing assistance payments	38,049,419	32,498,722	5,550,697	17.1%	28,598,318
Other operating expenses	15,136,965	16,627,185	(1,490,220)	-9.0%	17,481,802
Nonoperating	53,189	51,809	1,380	2.7%	78,239
<b>Total expenses</b>	<b>53,239,573</b>	<b>49,177,716</b>	<b>4,061,857</b>	<b>8.3%</b>	<b>46,158,359</b>
<b>Change in Net Position</b>	<b>\$ 942,881</b>	<b>\$ (2,173,575)</b>	<b>\$ 3,116,456</b>	<b>-143.4%</b>	<b>\$ (1,504,918)</b>

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Table 3 presents the changes in GHURA's net position for the years ended September 30, 2019 to 2021. GHURA had total revenues of \$54,182,454 in 2021 and \$47,004,141 in 2020, an increase of \$7,178,313 or 15.3% while total expenses were \$53,239,573 in 2021 and \$49,177,716 in 2020, an increase of \$4,061,857 or 8.3%. Total revenues amounted to \$47,004,141 in 2020 and \$44,653,441 in 2019, an increase of \$2,350,700 or 5.3% while total expenses amounted to \$49,177,716 in 2020 and \$46,158,359 in 2019, an increase of \$3,019,357 or 6.5%.

*Tenant Revenue*

Tenant revenue, which accounted for 1.5% of total current year revenues, increased by \$48,927, or approximately 6.5% from \$749,460 in 2020 to \$798,387 in 2021.

*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 71.5% of total current year expenses, increased by \$5,550,697, or approximately 17.1% from \$32,498,722 in 2020 to \$38,049,419 in 2021. 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.

*Other Operating Expenses*

Other operating expenses, which accounted for 28.4% of total current year expenses, decreased by \$1,490,220, or approximately 9.0% from \$16,627,185 in 2020 to \$15,136,965 in 2021.

Capital Assets and Debt Administration

*Capital Assets*

At the end of fiscal year 2021, GHURA had \$17,511,594 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (net of additions and depreciation) of \$133,271, or approximately 0.08% from the end of last year.

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GHURA's Capital Assets  
As of September 30  
Table 4

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Depreciable assets:			
Structures	\$ 97,736,310	\$ 96,041,260	\$ 94,031,160
Furnitures, fixtures and equipment	4,456,864	4,404,700	4,172,629
Leasehold improvement	<u>296,078</u>	<u>296,583</u>	<u>295,588</u>
	102,489,252	100,742,543	98,499,377
Accumulated depreciation	<u>(89,209,880)</u>	<u>(87,221,203)</u>	<u>(83,790,010)</u>
Total depreciable assets, net	<u>13,279,372</u>	<u>13,521,340</u>	<u>14,709,367</u>
Nondepreciable assets:			
Land	3,675,882	3,675,882	3,675,882
Homes for transfer to persons	322,515	322,515	706,129
Construction in progress	<u>233,825</u>	<u>125,128</u>	<u>729,496</u>
Total nondepreciable assets	<u>4,232,222</u>	<u>4,123,525</u>	<u>5,111,507</u>
Total capital assets, net	\$ <u>17,511,594</u>	\$ <u>17,644,865</u>	\$ <u>19,820,874</u>

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

**Debt Administration**

Debt additions amounted to \$2.5M in FY 2021. For additional information concerning debt, please refer to Note 7 to the accompanying financial statements.

**Economic Factors**

Significant economic factors that affect GHURA are as follows:

Federal funding of HUD. As GHURA receives the majority of its operating revenues 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.

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GHURA locally administers certain programs of 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.

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.

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.

### **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.

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**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.

**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 109 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.

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*Legal Compliance*

GHURA is required to comply with a wide range of laws and regulations, including appropriations, employment, health and safety, and others. Responsibility for compliance primarily rests with agency management; compliance is addressed as part of agency financial statement audits.

*Accountability*

Management accountability is the expectation that "managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law."

*Fraud, Waste, and Abuse*

GHURA must maintain its credibility with applicant and participant families, owners, HUD, and the larger community by enforcing program requirements. When families, owners, or GHURA employees fail to adhere to program requirements, GHURA must take appropriate action. The action that is appropriate depends on the particular case or circumstances.

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 management 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 \$4,705,410. 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.



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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, 2021.

**Financial Contact**

Requests regarding any information contained in this report or any additional information or questions concerning the report should be addressed to Elizabeth F. Napoli, Acting Executive Director, Guam Housing and Urban Renewal Authority, 117 Bien Venida Avenue, Sinajana, Guam 96910.

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Statements of Net Position  
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	2021	2020
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and cash equivalents	\$ 17,060,056	\$ 14,984,922
Cash and cash equivalents - restricted	1,786,071	2,179,877
Receivables, net:		
HUD	1,596,819	1,451,115
Notes receivable - current	477,253	336,731
Tenants	268,321	201,622
Other government	9,774	9,774
Accrued interest receivable	3,697	12,037
Miscellaneous	362,562	365,449
Allowance for doubtful accounts	(244,525)	(256,772)
Prepayments and other current assets	129,728	96,655
Inventory	288,077	305,839
Total current assets	21,737,833	19,687,249
Noncurrent assets:		
Notes receivable, net of current portion	6,559,100	4,397,508
Capital assets:		
Depreciable assets, net of accumulated depreciation	13,279,372	13,521,340
Non-depreciable assets	4,232,222	4,123,525
Other real estate	2,532,193	2,636,152
Total noncurrent assets	26,602,887	24,678,525
Total assets	48,340,720	44,365,774
Deferred outflows of resources:		
Pension	3,806,287	3,442,200
OPEB	5,740,974	3,948,293
Total deferred outflows of resources	9,547,261	7,390,493
Total assets and deferred outflows of resources	\$ 57,887,981	\$ 51,756,267
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and other deposits	\$ 1,260,383	\$ 2,031,376
Due to HUD	16,755	16,332
Current portion of accrued compensated absences	117,619	96,901
Current portion of note payable	237,000	79,000
Accrued payroll and other liabilities	162,740	262,321
Unearned revenues	1,653,385	1,557,815
Security and escrow deposits	338,808	399,774
Other current liabilities	98,428	181,787
Total current liabilities	3,885,118	4,625,306
Accrued compensated absences, net of current portion	871,637	775,474
Note payable, net of current portion	2,992,968	742,572
Net pension liability	15,722,499	14,905,260
OPEB liability	16,920,540	15,873,373
Total liabilities	40,392,762	36,921,985
Deferred inflows of resources:		
Pension	305,532	301,674
OPEB	5,275,426	3,561,228
Total deferred inflows of resources	5,580,958	3,862,902
Commitments and contingencies		
Net position:		
Net investment in capital assets	19,301,819	19,459,445
Restricted	19,192,375	18,279,634
Unrestricted	(26,579,933)	(26,767,699)
Total net position	11,914,261	10,971,380
Total liabilities, deferred inflows of resources and net position	\$ 57,887,981	\$ 51,756,267

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended September 30, 2021 and 2020

	2021	2020
Operating revenues:		
HUD PHA Operating Grants	\$ 50,326,904	\$ 44,722,486
Tenant rental income	798,387	749,460
Other income	797,871	359,511
Total operating revenues	51,923,162	45,831,457
Operating expenses:		
Housing assistance payments	38,049,419	32,498,722
Salaries and wages	4,920,366	4,668,454
Employee benefits	2,486,173	2,227,813
Depreciation	1,988,678	3,431,193
Other administrative expenses	1,872,868	2,030,496
Retiree healthcare costs and other pension benefits	1,351,733	1,048,452
Repairs and maintenance	1,243,103	1,788,438
Utilities	499,828	492,762
Office expense	349,031	293,198
Professional fees	238,191	153,616
Compensated absences	107,331	174,522
Insurance	83,620	164,028
Advertising	35,882	20,434
Protective services	1,850	44,060
Payments in lieu of taxes	-	32,897
Bad debts (recovery) expense	(41,689)	56,822
Total operating expenses	53,186,384	49,125,907
Operating loss	(1,263,222)	(3,294,450)
Nonoperating revenues (expenses):		
Contributions from GovGuam for retiree benefits	383,049	390,944
Fraud recovery	21,562	30,390
Interest income	4,213	13,782
Other income	192,998	60,028
Interest expense	(53,189)	(51,809)
Total nonoperating revenues, net	548,633	443,335
Loss before capital grants and contributions	(714,589)	(2,851,115)
Capital grants and contributions:		
Federal grants	1,657,470	677,540
Change in net position	942,881	(2,173,575)
Net position at the beginning of the year	10,971,380	13,144,955
Net position at the end of the year	\$ 11,914,261	\$ 10,971,380

See accompanying notes to financial statements.

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

Statements of Cash Flows  
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Operating grants received	\$ 50,291,275	\$ 44,686,857
Receipts from tenants and customers	1,927,579	1,388,306
Housing assistance paid	(38,049,419)	(32,498,722)
Payments to suppliers for goods and services	(8,943,257)	(7,488,992)
Payments to employees	(3,362,292)	(3,845,664)
Net cash provided by operating activities	1,863,886	2,241,785
Cash flows from capital and related financing activities:		
Capital grants received	1,657,470	677,540
Acquisition of capital assets	(1,855,407)	(1,255,184)
Proceeds from sales of other real estate	103,959	-
Proceeds from notes payable	2,488,000	-
Advances to subrecipient	(2,488,000)	-
Repayment of note payable	(39,604)	(74,671)
Interest paid	(53,189)	(51,809)
Net cash used for capital and related financing activities	(186,771)	(704,124)
Cash flows from investing activities:		
Interest and other	4,213	13,782
Net change in cash	1,681,328	1,551,443
Cash and cash equivalents at beginning of year	17,164,799	15,613,356
Cash and cash equivalents at end of year	\$ 18,846,127	\$ 17,164,799
Cash and cash equivalents consists of the following:		
Unrestricted	\$ 17,060,056	\$ 14,984,922
Restricted	1,786,071	2,179,877
	\$ 18,846,127	\$ 17,164,799
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (1,263,222)	\$ (3,294,450)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,988,678	3,431,193
Bad debts expense (recovery)	(41,689)	56,822
Retiree healthcare costs and other pension benefits	1,351,733	1,048,452
Noncash pension cost	457,010	447,571
Fraud recovery and other income	214,560	90,418
(Increase) decrease in assets:		
Receivables	(171,734)	(769,731)
Note receivable	145,886	(140,744)
Prepayments and other current assets	(33,073)	9,595
Inventory	17,762	(41,211)
Increase (decrease) in liabilities:		
Accounts payable and other deposits	(770,993)	510,592
Due to HUD	423	2,068
Accrued compensated absences	116,881	174,521
Accrued payroll and other liabilities	(99,576)	(276,983)
Unearned revenues	106,980	1,063,308
Security and escrow deposits	(60,966)	66,176
Other current liabilities	(94,774)	(135,812)
Net cash provided by operating activities	\$ 1,863,886	\$ 2,241,785

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, 2021 and 2020

(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. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

(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, 2021 and 2020, GHURA was authorized by HUD to approve housing assistance payment contracts for up to 2,668 and 2,581 families, respectively, dependent upon budget authority and available resources. Total contracted units under lease totaled 2,488 or 93% and 2,503 or 97% as of September 30, 2021 and 2020, respectively. The project-based voucher program located at the Summer Town Estates in Lada, Dededo, consists of 112 units, which began in November 2015. As of September 30, 2021 and 2020, Elderly Families occupied 112 and 112 units, respectively.

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

Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

*Public Housing Capital Fund Program:*

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

*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.

*Low Income Housing Program:*

Under this program, GHURA rents its own units to low-income households. The Low Income Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidies to enable GHURA to provide the housing at a rent that is based on 30 percent of household income. GHURA entered into an ACC that allowed them to develop and operate a Low-Income Housing Program. Since that time, nine projects were developed: Guam 1-1 through 1-9. For the years ended September 30, 2021 and 2020, 724 and 730 units, respectively, were available for rent, of which 26 and 20 units, respectively, were modernized under HUD's Capital Funds Program. In 2021 and 2020, 704 or 97% and 708 or 97% units were occupied, respectively.

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

*HOME Investment Partnership Program:*

This program is designed to increase homeownership and affordable housing opportunities for low-income and very low-income Americans. Program funds are used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, among others.

*Continuum of Care Program:*

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(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 includes 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.

*Emergency Solutions Grant Program:*

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

*Resident Opportunity and Supportive Services:*

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

*Multifamily Housing Service Coordinator:*

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

*Economic, Social and Political Development of the Territories (Compact Impact):*

This program is funded by the U.S. Department of the Interior to promote the economic, social and political development of the territories and freely associated states, leading toward greater self-government and self-sufficiency for each of them. In addition, Federal funding is provided for capital improvement programs and technical assistance to the insular areas including Guam.

*Family Self-Sufficiency Program:*

The objectives of the Family Self-Sufficiency program 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.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

*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.

*Local Funds:*

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

*Revolving and Trust Funds:*

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

*Other Funds:*

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

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the financial statements. GHURA has elected to use proprietary fund types as its principle reporting. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The accounting objectives of its measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and deferred outflows of resources, and liabilities and deferred inflows or resources (whether current or noncurrent) associated with the operation of GHURA are included in the statement of net position. Proprietary fund equity is classified as net position. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. GHURA accounts for those operations that are financed and operated in a manner similar to private business or where GHURA has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The principal operating revenues of GHURA are operating subsidies and administrative fees received from HUD and rental revenues received from residents. Grants and similar items are recognized as revenue as soon as all eligible requirements have been met. Gains from sale of capital assets are included in non-operating revenues. Operating expenses of GHURA include the cost of operating housing units, cost of tenant services, protective services, general, administrative, maintenance, depreciation, and housing assistance payments.



**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

Other expenses of GHURA include interest expense. Housing assistance payments from HUD are received by GHURA for each unit rented to qualified tenants in the public housing and Section 8 programs. HUD grants associated with capital acquisition and improvements are considered non-operating revenues and are separately presented as capital contributions in the accompanying statement of revenues, expenses and changes in net position.

Budgets

GHURA is not legally required to adopt budgets; however, GHURA has contractual requirements to adopt budgets for applicable HUD programs. GHURA's governing body, the Board of Commissioners, adopts budgets on a program level basis. These budgets are submitted by GHURA's Executive Director and approved by resolutions of the Board of Commissioners. GHURA is segmented into divisions and/or cost centers. These organizational units, individually and collectively, are expressed financially by program or fund source and budgets are developed annually for a 12-month term, which begins October 1 and ends September 30 of fiscal each year. Throughout the fiscal year, GHURA monitors and evaluates expenditure rates and patterns. GHURA's Board of Commissioners may authorize amendments to the budget based on the availability of financial resources. Formal budget revisions are authorized in the same manner as original budget submissions. When necessary, all HUD grant program revisions are submitted to HUD for required approval.

Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. Deferred outflows of resources that are attributable to related debt are also included in this component.

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law. GHURA's restricted expendable net position pertains to unexpended HUD funds under various federal programs.

Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. 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**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

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

As of September 30, 2021 and 2020, cash and cash equivalents were \$18,846,127 and \$17,164,799, respectively, and the corresponding bank balances were \$18,575,781 and \$17,304,660, respectively, which are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2021 and 2020, bank deposits in the amount \$250,000 were FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GHURA requires collateralization of deposits in excess of depository insurance limits at 100%. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged or such other securities as may be approved by GMHA. As of September 30, 2021 and 2020, all of GHURA's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GHURA's name.

Receivables from HUD

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

Accounts Receivables - Tenants

GHURA recognizes bad debts using the allowance method and receivables are only written off after approval by management and subsequent reporting to the Board of Commissioners. The allowance for doubtful accounts is determined based on management estimates. While management believes the amount is adequate, the ultimate uncollectible balance may differ from the amounts provided.

Notes Receivable

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

Prepayments

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

Inventories

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

Capital Assets and Depreciation

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Capital Assets and Depreciation, Continued

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

Property and equipment items for this project are depreciated utilizing straight-line method over their estimated useful lives. Capital assets are depreciated on a straight-line basis method over estimated useful lives as follows:

<u>Category</u>	<u>Useful Life</u>
Structures	15-40 years
Leasehold improvements	15 years
Furniture, fixtures and equipment	5-7 years

Upon retirement or other disposition of capital assets recorded, the cost and related accumulated depreciation are removed from the respective program or fund accounts and any gain or loss is included in the respective program or fund 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 2021 and 2020, 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 represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GHURA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date, and changes in proportion and differences between GHURA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

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Notes to Financial Statements  
September 30, 2021 and 2020

(2) Summary of Significant Accounting Policies, Continued

Deferred Inflows of Resources

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

Pensions

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

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

Other Postemployment Benefits (OPEB)

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

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

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
September 30, 2021 and 2020

(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. As of September 30, 2021 and 2020, accrued earned compensated absences totaled \$703,706 and \$641,054, respectively.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2021 and 2020, GHURA has accrued an estimated sick leave liability of \$285,547 and \$231,321, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

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, 2021 and 2020, GHURA retains \$226,733 and \$708,711, respectively, of 'Good Faith' refundable deposits, which are included in the accompanying financial statements within accounts payable and other deposits in the statement of net position.

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(2) Summary of Significant Accounting Policies, Continued

Management Fees

In lieu of a Cost Allocation Plan, HUD requires Housing Authorities to charge each AMP property management and bookkeeping fees (\$7.50 per eligible unit) and an asset management fee (\$10.00 per AMP unit). Such fees are accounted for in GHURA's Central Office Cost Center (COCC), which is reported in the Other Enterprise Funds. HUD regulates the amount of management fees that can be paid from its programs. Additionally, the COCC earns fees from local programs it administers. GHURA paid management and bookkeeping fees to COCC of \$1,805,020 and \$1,548,972 for the years ended September 30, 2021 and 2020, respectively, which are eliminated on the statement of revenues, expenses and changes in net position for financial statement presentation.

Administrative and General Expenses

Certain operating facilities and materials used by the programs are shared with other programs. Costs associated with these facilities and materials are accumulated and paid by a central disbursement fund which allocates such costs to the various programs based on each program's pro rata share of payroll hours.

Income Taxes

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

Advertising and Marketing Expenses

GHURA incurred advertising and marketing costs totaling \$35,882 and \$20,434 for the years ended September 30, 2021 and 2020, respectively. These costs primarily relate to construction bids and related procurement solicitation costs.

COVID-19

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

GHURA was awarded direct Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) funds through the HUD's Office of Community Planning and Development in two separate allocations of \$2,678,702 and \$3,519,238 for CDBG and ESG, respectively. Funds are intended to prevent, prepare, and respond to the community's needs as a result of the pandemic. GHURA was also awarded \$1,157,936 for its Section 8 HCV program and is authorized to disburse \$745,204 for its Public Housing programs. As of September 30, 2021, \$510,594 has been expended, of which \$4,431 or 1% was spent on Administrative expenses and \$506,163 or 99% on Tenant Services.

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(2) Summary of Significant Accounting Policies, Continued

COVID-19, Continued

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.

New Accounting Standards

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

During the year ended September 30, 2021, GHURA implemented the following pronouncements:

- GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ended September 30, 2022.

The implementation of these statements did not have a material effect on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

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

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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

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

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

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

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



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(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

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

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

(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, which are explicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

Custodial credit risk is the risk that in the event of a bank failure, GHURA's deposits may not be returned to it. Such deposits are not covered by depositor insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GHURA has an investment and deposit policy for custodial credit risk. For deposits, GHURA and the depository must execute a general depository agreement pursuant to HUD regulations. The depository bank must be a bank or financial institution whose deposits are insured by FDIC, Federal Savings and Loan Insurance Corporation or the National Credit Union Administration and all deposits must be fully collateralized by U.S. securities.

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(3) Cash and Cash Equivalents, Continued

As of September 30, 2021 and 2020, GHURA maintains certain cash and cash equivalents for restricted and designated purposes, which are summarized as follows:

	<u>2021</u>	<u>2020</u>
Low Rent Housing:		
Designated	\$ 121,212	\$ 307,029
Restricted	1,033,016	1,032,707
Section 8 HCV – CARES Act - Restricted	753,055	1,147,170
Section 8 HCV - Designated	764,654	687,984
Supportive Housing for the Elderly - Designated	713,994	564,570
Revolving Fund - Designated	101,542	101,519
Local Funds - Designated	<u>48,642</u>	<u>33,124</u>
	<u>\$ 3,536,115</u>	<u>\$ 3,874,102</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, 2021 and 2020, GHURA had \$698,761 and \$549,216, respectively, in a designated cash account for the Supportive Housing for the Elderly and \$15,233 and \$15,354, respectively, in a designated cash account tenant security deposits. Interest income earned is reinvested when related time certificates of deposit mature.

*Section 8 HCV and Low Rent Housing*

Escrow accounts have been established for Section 8 HCV and Low Rent Public Housing participants in the Family Self-Sufficiency program (FSS). A portion of rent paid by residents participating in this program is held from them until the participating family meets individually established self-sufficiency goals. The escrow amount is remitted to the head of household upon completion of their specific work plan or thirty percent (30%) of the family's monthly-adjusted income equals or exceeds the appropriate fair market rent. Escrows are nonrefundable if the family leaves the program. Interest is accrued on the account. GHURA holds FSS escrow amounts for participants in the program, which totaled \$394,387 and \$333,303 as of September 30, 2021 and 2020, respectively.

As of September 30, 2021 and 2020, the Section 8 HCV program also has designated cash of \$320,295 and \$354,681, respectively, which represent the remaining housing assistance payment (HAP) revenue that has accumulated since January 1, 2005. HUDPIH Notice 2006-03 required that excess (unused) HAP funding received in excess of related HAP expenses, from the above date be recognized as revenue, and that the accumulated revenue (HAP equity) be segregated as part of undesignated fund balance. Upon further clarification by HUD in PIH Notice 2008-09, which was issued on January 30, 2008, concerning the implementation of the aforementioned notice, the associated cash related to the aforementioned HAP equity under proprietary fund reporting should be reported as restricted. These funds are available only for certain eligible HAP expenses and not for program administrative purposes.

As of September 30, 2021 and 2020, the Low Rent Housing program also has additional restricted cash totaling \$1,033,016 and \$1,032,707, respectively, 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.

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(4) Notes Receivable

Notes receivable consist primarily for first time homebuyers to provide assistance to eligible residents to purchase or construct a primary owner-occupied dwelling. The loans under GHURA's Down Payment and Closing Cost Assistance Program are interest free with a maximum loan amount of the lesser of \$18,000 or 18% of the purchase price and are collateralized by second mortgages on real estate. Under the CDBG and HOME Investment Partnerships Program, loans carry a 3% interest rate with a 30-year term.

On December 3, 2020, the U.S. Department of Housing and Urban Development (HUD) entered into a \$12 million loan facility with GHURA under the Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program. (See Note 7) GHURA simultaneously entered into a subrecipient loan agreement with "The Learning Institute" (the subrecipient), a Guam nonprofit corporation, for the purpose of funding construction, rehabilitation or installation of public facilities eligible under 24 CFR 570.703 (1), in connection with the iLearn Academy Charter School Project. During the year ended September 30, 2021, various drawdowns totaling \$2,488,000 were made against this facility.

As of September 30, 2021 and 2020, these notes receivable are summarized as follows:

	<u>2021</u>	<u>2020</u>
CDBG and HOME Investment Partnerships Program	\$ 4,216,766	\$ 4,339,612
Section 108 Loan Guarantee Program	2,488,000	-
Down Payment and Closing Cost Assistance Program	<u>331,587</u>	<u>394,627</u>
	7,036,353	4,734,239
Less current portion	<u>(477,253)</u>	<u>(336,731)</u>
	<u>\$ 6,559,100</u>	<u>\$ 4,397,508</u>

Maturities of the principal balances subsequent to September 30, 2021 are as follows:

<u>Year Ending</u> <u>September 30</u>	
2022	\$ 477,253
2023	631,395
2024	631,547
2025	639,737
2026	640,684
Thereafter	<u>4,015,737</u>
	<u>\$ 7,036,353</u>

As of September 30, 2021 and 2020, the allowance for doubtful accounts on notes receivable amounted to \$180,840 and \$182,515, respectively.

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**(5) Capital Assets**

A summary of changes in capital assets for the years ended September 30, 2021 and 2020 are as follows:

	2021			
	Balance October 1	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	\$ 96,041,260	\$ 1,695,179	\$ -	\$ 97,736,439
Furniture, fixtures and equipment	4,404,700	51,531	-	4,456,231
Leasehold improvement	<u>296,583</u>	<u>-</u>	<u>-</u>	<u>296,583</u>
	100,742,543	1,746,710	-	102,489,253
Less accumulated depreciation and amortization	<u>(87,221,203)</u>	<u>(1,988,678)</u>	<u>-</u>	<u>(89,209,881)</u>
	<u>13,521,340</u>	<u>(241,968)</u>	<u>-</u>	<u>13,279,372</u>
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Homes for transfer to persons	322,515	-	-	322,515
Construction in progress	<u>125,128</u>	<u>233,825</u>	<u>(125,128)</u>	<u>233,825</u>
	<u>4,123,525</u>	<u>233,825</u>	<u>(125,128)</u>	<u>4,232,222</u>
Total capital assets, net	\$ <u>17,644,865</u>	\$ <u>(8,143)</u>	\$ <u>(125,128)</u>	\$ <u>17,511,594</u>
	2020			
	Balance October 1	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	\$ 94,031,160	\$ 2,010,100	\$ -	\$ 96,041,260
Furniture, fixtures and equipment	4,172,629	232,071	-	4,404,700
Leasehold improvement	<u>295,588</u>	<u>995</u>	<u>-</u>	<u>296,583</u>
	98,499,377	2,243,166	-	100,742,543
Less accumulated depreciation and amortization	<u>(83,790,010)</u>	<u>(3,431,193)</u>	<u>-</u>	<u>(87,221,203)</u>
	<u>14,709,367</u>	<u>(1,188,027)</u>	<u>-</u>	<u>13,521,340</u>
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Homes for transfer to persons	706,129	-	(383,614)	322,515
Construction in progress	<u>729,496</u>	<u>125,128</u>	<u>(729,496)</u>	<u>125,128</u>
	<u>5,111,507</u>	<u>125,128</u>	<u>(1,113,110)</u>	<u>4,123,525</u>
Total capital assets, net	\$ <u>19,820,874</u>	\$ <u>(1,062,899)</u>	\$ <u>(1,113,110)</u>	\$ <u>17,644,865</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, 2021 and 2020, GHURA had seventy (70) and seventy-four (74) lots, respectively, in its inventory with an estimated value of \$2,460,363 and \$2,564,322, respectively. 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, 2021 and 2020.

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Notes to Financial Statements  
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(7) Notes 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>
2022	\$ 84,000	\$ 42,480	\$ 126,480
2023	89,000	37,480	126,480
2024	95,000	31,480	126,480
2025	101,000	25,480	126,480
2026	107,000	19,480	126,480
Thereafter	<u>265,968</u>	<u>19,132</u>	<u>285,100</u>
	<u>\$ 741,968</u>	<u>\$ 175,532</u>	<u>\$ 917,500</u>

On December 3, 2020, GHURA entered into a loan guaranty assistance made pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974 as amended and 24 CFR part 570, Subpart M, in the maximum commitment amount of \$12,000,000. (See Note 4) Advances are made upon written request of GHURA and the approval of the Secretary of Housing and Urban Development. Principal repayment based on the commitment schedule on the written request are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>
2022	\$ 153,000
2023	467,000
2024	476,000
2025	486,000
2026	495,000
Thereafter	<u>411,000</u>
	<u>\$ 2,488,000</u>

Changes in notes payable for the years ended September 30, 2021 and 2020, are as follows:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
Notes payable:					
Farmers Home Administration	\$ 821,572	\$ -	\$ (79,604)	\$ 741,968	\$ 84,000
Loan Guarantee Program	-	<u>2,488,000</u>	-	2,488,000	153,000
	<u>\$ 821,572</u>	<u>\$ 2,488,000</u>	<u>\$ (79,604)</u>	<u>\$ 3,229,968</u>	<u>\$ 237,000</u>
	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2020</u>	<u>Due Within One Year</u>
Note payable:					
Farmers Home Administration	\$ 896,243	\$ -	\$ (74,671)	\$ 821,572	\$ 79,000

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**(8) Other Noncurrent Liabilities**

The changes in other long-term liabilities for the years ended September 30, 2021 and 2020 are as follows:

	Balance October <u>1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2021</u>	Due Within <u>One Year</u>
Compensated absences	\$ 872,375	\$ 116,881	\$ -	\$ 989,256	\$ 117,619
Net pension liability	14,905,260	817,239	-	15,722,499	-
OPEB liability	<u>15,873,373</u>	<u>1,047,167</u>	-	<u>16,920,540</u>	-
	<u>\$ 31,651,008</u>	<u>\$ 1,981,287</u>	<u>\$ -</u>	<u>\$ 33,632,295</u>	<u>\$ 117,619</u>
	Balance October <u>1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2020</u>	Due Within <u>One Year</u>
Compensated absences	\$ 697,854	\$ 174,521	\$ -	\$ 872,375	\$ 96,901
Net pension liability	13,551,420	1,353,840	-	14,905,260	-
OPEB liability	<u>11,630,596</u>	<u>4,242,777</u>	-	<u>15,873,373</u>	-
	<u>\$ 25,879,870</u>	<u>\$ 5,771,138</u>	<u>\$ -</u>	<u>\$ 31,651,008</u>	<u>\$ 96,901</u>

**(9) Commitments**

*Housing Assistance Payments:*

As of September 30, 2021 and 2020, GHURA had 2,668 and 2,581 voucher contracts, respectively, with dwelling owners, all of which are funded for a period of twelve months. Of the 2,488 and 2,503 vouchers leased-up, 112 and 112, respectively, were project-based vouchers located at the Summer Town Estate in Lada, Dededo. These units were 100% and 100% occupied with elderly families as of September 30, 2021 and 2020, respectively. HUD will fund the entire amount of assistance payments committed under these contracts.

*Local Funds*

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

*Construction Work-in-Progress*

GHURA has entered into development stage contracts for certain programs. Ongoing and unliquidated contracts as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>		
	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Community Development Block Grant	\$ 5,758,057	\$ (1,699,228)	\$ 4,058,829
Capital Fund Program	2,315,321	(1,617,746)	697,575
HOME Investment Partnership	71,100	(61,460)	9,640
Supportive Housing for the Elderly	<u>291,139</u>	<u>(108,689)</u>	<u>182,450</u>
	<u>\$ 8,435,617</u>	<u>\$ (3,487,123)</u>	<u>\$ 4,948,494</u>

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(9) Commitments, Continued

*Construction Work-in-Progress, Continued*

	2020		
	<u>Contract Amount</u>	<u>Liquidations</u>	<u>Unliquidated Contract</u>
Community Development Block Grant	\$ 5,397,970	\$ (1,208,667)	\$ 4,189,303
Capital Fund Program	238,500	-	238,500
HOME Investment Partnership	71,100	-	71,100
Supportive Housing for the Elderly	<u>151,300</u>	<u>(125,128)</u>	<u>26,172</u>
	<u>\$ 5,858,870</u>	<u>\$ (1,333,795)</u>	<u>\$ 4,525,075</u>

(10) Pensions

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

A. General Information About the Pension Plans:

*Plan Description:* GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GHURA, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

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

*Plan Membership:* As of September 30, 2020 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,399
Inactive employees entitled to but not yet receiving benefits	3,257
Active employees	<u>4,440</u>
	15,096
DCRS members:	
Active employees	<u>6,810</u>
	<u><u>21,906</u></u>

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Notes to Financial Statements  
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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

*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.

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

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

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

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



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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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

*Contributions and Funding Policy:* Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2019 actuarial valuation was used for determining the year ended September 30, 2021 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2019, 2018 and 2017, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2021, 2020 and 2019, respectively, have been determined as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Normal costs (% of DB Plan payroll)	13.70%	13.86%	13.54%
Employee contributions (DB Plan employees)	<u>9.52%</u>	<u>9.52%</u>	<u>9.52%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>4.18%</u>	<u>4.34%</u>	<u>4.02%</u>
Employer portion of normal costs (% of total payroll)	2.18%	2.39%	2.29%
Unfunded liability cost (% of total payroll)	<u>21.44%</u>	<u>20.70%</u>	<u>21.29%</u>
Government contribution as a % of total payroll	<u>23.62%</u>	<u>23.09%</u>	<u>23.58%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>26.97%</u>	<u>26.28%</u>	<u>26.56%</u>
Employee	<u>9.52%</u>	<u>9.52%</u>	<u>9.52%</u>

GHURA's contributions to the DB Plan for the years ended September 30, 2021, 2020 and 2019 were \$937,690, \$886,974 and \$887,110, respectively, which were equal to the required contributions for the respective years then ended.

GHURA's contributions for supplemental annuity benefit and COLA payments for the years ended September 30, 2021, 2020 and 2019 were \$175,094, \$171,100 and \$185,570, respectively, which were equal to the statutorily required contributions for the respective years then ended.

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Notes to Financial Statements  
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(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

GHURA's contributions to the DCRS Plan for the years ended September 30, 2021, 2020 and 2019 were \$556,467, \$466,523 and \$384,338, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$428,351, \$356,540 and \$294,620 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2021, 2020 and 2019, respectively.

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

*Pension Liability:* As of September 30, 2021 and 2020, GHURA reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2020 and 2019, respectively, which is comprised of the following:

	<u>2021</u>	<u>2020</u>
Defined benefit plan	\$ 12,797,806	\$ 11,913,613
Ad hoc COLA/supplemental annuity plan for DB retirees	2,106,536	2,212,240
Ad hoc COLA plan for DCRS retirees	<u>818,157</u>	<u>779,407</u>
	<u>\$ 15,722,499</u>	<u>\$ 14,905,260</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. As of September 30, 2021 and 2020, GHURA's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit plan	1.03%	0.98%
Ad hoc COLA/supplemental annuity plan for DB retirees	0.65%	0.68%
Ad hoc COLA plan for DCRS retirees	1.23%	1.30%

*Pension Expense (Benefit):* For the years ended September 30, 2021 and 2020, GHURA recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit plan	\$ 394,125	\$ 334,327
Ad hoc COLA/supplemental annuity plan for DB retirees	(5,179)	46,563
Ad hoc COLA plan for DCRS retirees	<u>68,064</u>	<u>66,681</u>
	<u>\$ 457,010</u>	<u>\$ 447,571</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:* As of September 30, 2021 and 2020, GHURA reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	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	\$ 31,946	\$ 62,483	\$ 1,337	\$ 33,638	\$ 78,905	\$ 19,182
Net difference between projected and actual earnings on pension plan investments	916,948	-	-	-	-	-
Changes of assumptions	-	-	165,201	2,998	199,072	62,028
Contributions subsequent to the measurement date	1,366,041	-	147,094	-	28,000	-
Changes in proportion and difference between GHURA contributions and proportionate share of contributions	<u>669,546</u>	<u>-</u>	<u>1,853</u>	<u>74,115</u>	<u>200,344</u>	<u>51,088</u>
	<u>\$ 2,984,481</u>	<u>\$ 62,483</u>	<u>\$ 315,485</u>	<u>\$ 110,751</u>	<u>\$ 506,321</u>	<u>\$ 132,298</u>
	2020					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	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	\$ 17,100	\$ 105,610	\$ 15,330	\$ 6,803	\$ 82,084
Net difference between projected and actual earnings on pension plan investments	418,921	-	-	-	-	-
Changes of assumptions	-	-	198,619	34,390	187,644	75,614
Contributions subsequent to the measurement date	1,243,514	-	143,100	-	28,000	-
Changes in proportion and difference between GHURA contributions and proportionate share of contributions	<u>858,005</u>	<u>-</u>	<u>20,386</u>	<u>30,983</u>	<u>229,497</u>	<u>25,636</u>
	<u>\$ 2,537,540</u>	<u>\$ 105,610</u>	<u>\$ 377,435</u>	<u>\$ 72,176</u>	<u>\$ 527,225</u>	<u>\$ 123,888</u>

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(10) Pensions, Continued

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

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2021 will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Defined</u> <u>Benefit Plan</u>	<u>Ad Hoc COLA/SA</u> <u>Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan</u> <u>for DCRS Retirees</u>
2022	\$ 559,717	\$ 50,351	\$ 44,155
2023	577,434	8,927	44,155
2024	303,687	(1,637)	44,155
2025	115,119	-	44,155
2026	-	-	44,155
Thereafter	<u>          -</u>	<u>          -</u>	<u>125,248</u>
	<u>\$ 1,555,957</u>	<u>\$ 57,641</u>	<u>\$ 346,023</u>

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

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (13.58 years remaining as of September 30, 2019)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year
Total payroll growth:	2.75% per year
Salary Increases:	4% to 7.5%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

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(10) Pensions, Continued

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

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

The investment rate assumption as of September 30, 2020 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>
U.S. Equities (large cap)	26.0%	7.01%
U.S. Equities (small cap)	4.0%	8.61%
Non-U.S. Equities	17.0%	8.66%
Non-U.S. Equities (emerging markets)	3.0%	10.59%
U.S. Fixed Income (aggregate)	24.0%	3.33%
Risk parity	8.0%	5.66%
High yield bonds	8.0%	6.11%
Global Real Estate (REITs)	2.5%	8.55%
Global Equity	7.5%	7.74%

*Discount Rate:* The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2020 and 2019 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2020 was 2.21% (2.66% as of September 30, 2019), 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:

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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:

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>16,041,169</u>	\$ <u>12,797,806</u>	\$ <u>10,006,265</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>1.21%</u>	Current Discount Rate <u>2.21%</u>	1% Increase in Discount Rate <u>3.21%</u>
Net Pension Liability	\$ <u>2,315,774</u>	\$ <u>2,106,536</u>	\$ <u>1,924,768</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>1.21%</u>	Current Discount Rate <u>2.21%</u>	1% Increase in Discount Rate <u>3.21%</u>
Net Pension Liability	\$ <u>927,941</u>	\$ <u>818,157</u>	\$ <u>724,742</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.

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

A. General Information About the OPEB Plan, Continued:

*Plan Membership:* As of September 30, 2020 and 2019 (the respective measurement periods), OPEB plan membership consisted of the following as of September 30, 2019 (the actuarial valuation dates for both years):

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	8,114	7,462
Active plan members	<u>11,080</u>	<u>10,832</u>
 Total plan members	 <u>19,194</u>	 <u>18,294</u>

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

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

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

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

During the years ended September 30, 2021, 2020 and 2019, GHURA recognized certain on-behalf payments as contributions from GovGuam, totaling \$207,955, \$219,844 and \$228,999, respectively, representing certain healthcare benefits that GovGuam’s General Fund paid directly on behalf of GHURA retirees and were equivalent to the required contribution for those years.

B. Total OPEB Liability:

As of September 30, 2021 and 2020, GHURA reported a total OPEB liability of \$16,920,540 and \$15,873,373, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2020 and 2019. The following presents GHURA’s proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2019	<u>0.62%</u>
Proportion at measurement date, September 30, 2020	<u>0.67%</u>
Increase in proportion	<u>0.05%</u>

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(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, 2020 (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. No changes since prior measurement.
Healthcare cost trend rates:	6 percent for FY2021 through FY2023, decreasing 0.25 percent per year to an ultimate rate of 4.25 percent for FY2030 and later years. Previously, 13.5% percent for FY2019, 6.75 percent for FY2020, decreasing 0.25 percent per year to an ultimate rate of 4.25 percent for FY2030 and later years.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 3.8% in year one; 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees covered under a GovGuam dental plan will elect to participate at retirement. Life - 100% of active employees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrolment assumption below.
Medicare enrollment:	55% (previously, 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 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.



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

B. Total OPEB Liability, Continued:

Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table for males and females, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years. No changes since prior measurement.
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% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females. No changes since prior measurement.
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the Government of Guam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. No changes since prior measurement.

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

Notes to Financial Statements  
September 30, 2021 and 2020

(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 2.21% as of September 30, 2020 (2.66% as of September 30, 2019). The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.21% municipal bond rate as of September 30, 2020 (2.66% as of September 30, 2019) was applied to all periods of projected benefit payments to determine the total OPEB liability.

*OPEB plan fiduciary net position:* As of September 30, 2021 and 2020, 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 years ended September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ <u>15,873,373</u>	\$ <u>11,630,596</u>
Changes for the year:		
Service cost	\$936,925	612,534
Interest	443,726	505,950
Change of assumptions	(3,094,237)	3,529,030
Change in proportionate share	1,136,987	(126,609)
Differences between expected and actual experience	1,881,476	-
Benefit payments	<u>(257,710)</u>	<u>(278,128)</u>
Net change	<u>1,047,167</u>	<u>4,242,777</u>
Balance at end of the year	\$ <u>16,920,540</u>	\$ <u>15,873,373</u>

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

	1% Decrease in Discount Rate <u>1.21%</u>	Current Discount Rate <u>2.21%</u>	1% Increase in Discount Rate <u>3.21%</u>
Total OPEB Liability	\$ <u>20,088,760</u>	\$ <u>16,920,540</u>	\$ <u>14,394,992</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>14,093,839</u>	\$ <u>16,920,540</u>	\$ <u>20,596,191</u>

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

For the years ended September 30, 2021 and 2020, GHURA reported total OPEB expense of \$1,214,505 and \$657,508, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2020 and 2019. As of September 30, 2021 and 2020, GHURA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$2,752,776	\$ 3,656,152	\$ 3,460,081	\$ 1,480,044
Differences between expected and actual experience	1,549,060	1,619,274	-	2,081,184
Contributions subsequent to the measurement date	207,955		219,844	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>1,231,183</u>	<u>-</u>	<u>268,368</u>	<u>-</u>
	<u>\$5,740,974</u>	<u>\$5,275,426</u>	<u>\$ 3,948,293</u>	<u>\$ 3,561,228</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, 2021 will be recognized in OPEB expense as follows:

<u>Year Ending September 30</u>	
2022	\$ (40,589)
2023	(358,693)
2024	225,700
2025	403,194
2026	<u>27,981</u>
	<u>\$ 257,593</u>

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Notes to Financial Statements  
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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, 2021 and 2020, GHURA had deposited \$1,033,016 and \$1,032,707, respectively, 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). Certain amount of questioned costs exist as of September 30, 2021. 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, 2021 and 2020

(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.

(14) Economic Dependency

For the years ended September 30, 2021 and 2020, HUD provided to GHURA \$51.9 million and \$45.4 million, respectively, which represents approximately 97% and 98% of GHURA's total operating and capital grant revenues, respectively.

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

Defined Benefit Plan

	2021	2020	2019	2018	2017	2016	2015	2014
Total net pension liability	\$ 1,246,336,897	\$ 1,214,462,675	\$ 1,179,192,550	\$ 1,142,249,393	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754	\$ 1,303,304,636
GHURA's proportionate share of the net pension liability	\$ 12,797,806 1,366,040	\$ 11,913,613	\$ 10,897,784	\$ 9,526,027	\$ 11,293,296	\$ 11,754,627	\$ 9,785,625	\$ 11,952,878
GHURA's proportion of the net pension liability	1.03%	0.98%	0.92%	0.83%	0.83%	0.82%	0.79%	0.92%
GHURA's covered-employee payroll**	\$ 5,366,685	\$ 4,998,061	\$ 4,749,017	\$ 4,239,078	\$ 4,177,889	\$ 4,183,506	\$ 4,404,881	\$ 4,244,960
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	238.47%	238.36%	229.47%	224.72%	270.31%	280.98%	222.15%	281.58%
Plan fiduciary net position as a percentage of the total pension liability	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

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

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

See Accompanying Independent Auditor's 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

	2021	2020	2019	2018	2017	2016
Total net pension liability***	\$ 321,889,969	\$ 324,192,725	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
GHURA's proportionate share of the net pension liability	\$ 2,106,536 1,366,040	\$ 2,212,240	\$ 2,021,716	\$ 1,952,207	\$ 1,522,308	\$ 1,485,317
GHURA's proportion of the net pension liability	0.65%	0.68%	0.70%	0.68%	0.66%	0.63%
GHURA's covered-employee payroll**	\$ 3,334,292	\$ 3,476,732	\$ 3,583,923	\$ 3,443,754	\$ 3,358,707	\$ 3,221,129
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	63.18%	63.63%	56.41%	56.69%	45.32%	46.11%

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

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

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

See Accompanying Independent Auditor's 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

	2021	2020	2019	2018	2017	2016
Total net pension liability***	\$ 66,393,472	\$ 59,884,407	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GHURA's proportionate share of the net pension liability	\$ 818,157	\$ 779,407	\$ 631,920	\$ 834,630	\$ 520,758	\$ 434,878
	1,366,040					
GHURA's proportion of the net pension liability	1.23%	1.30%	1.28%	1.34%	0.84%	0.83%
GHURA's covered-employee payroll**	\$ 3,195,119	\$ 3,065,146	\$ 3,387,094	\$ 5,036,022	\$ 3,081,842	\$ 2,969,758
GHURA's proportionate share of the net pension liability as percentage of its covered employee payroll	25.61%	25.43%	18.66%	16.57%	16.90%	14.64%

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

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

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

See Accompanying Independent Auditor's Report.



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

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	\$ 1,335,863	\$ 1,244,540	\$ 1,181,730	\$ 1,040,659	\$ 1,168,865	\$ 1,134,630	\$ 1,134,630	\$ 1,134,630
Contribution in relation to the statutorily determined contribution	1,366,040	1,192,443	1,255,496	1,044,757	1,026,636	1,100,398	1,052,968	1,116,118
Contribution (excess) deficiency	\$ (30,177)	\$ 52,097	\$ (73,766)	\$ (4,098)	\$ 142,229	\$ 34,232	\$ 81,662	\$ 18,512
GHURA's covered-employee payroll **	\$ 5,366,685	\$ 4,998,061	\$ 4,749,017	\$ 4,239,078	\$ 4,177,889	\$ 4,183,506	\$ 4,404,881	\$ 4,244,960
Contribution as a percentage of covered-employee payroll	25.45%	23.86%	26.44%	24.65%	24.57%	26.30%	23.90%	26.29%

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

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

See Accompanying Independent Auditor's Report.

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

	2021	2020	2019	2018	2017	2016
Total OPEB liability**:						
Service cost	\$ 936,925	\$ 612,534	\$ 772,295	\$ 865,827	\$ 698,974	Not Available
Interest	443,726	505,950	565,102	491,053	495,051	Not Available
Change of assumptions	(3,094,237)	3,529,030	(1,104,386)	(1,532,055)	1,598,939	Not Available
Change in proportionate share	1,136,987	(126,609)	(28,187)	30,317	-	Not Available
Differences between expected and actual experience	1,881,476	-	(3,240,229)	-	-	Not Available
Benefit payments	(257,710)	(278,128)	(258,531)	(245,526)	(245,526)	Not Available
Net change in total OPEB liability	1,047,167	4,242,777	(3,293,936)	(390,384)	2,547,438	
Total OPEB liability - beginning	<u>15,873,373</u>	<u>11,630,596</u>	<u>14,924,532</u>	<u>15,314,916</u>	<u>\$ 12,767,478</u>	Not Available
Total OPEB liability - ending	<u>\$16,920,540</u>	<u>\$ 15,873,373</u>	<u>\$ 11,630,596</u>	<u>\$ 14,924,532</u>	<u>\$ 15,314,916</u>	<u>\$ 12,767,478</u>
Covered payroll as of valuation date	<u>\$ 5,287,326</u>	<u>\$ 4,739,363</u>	<u>\$ 5,008,944</u>	<u>\$ 3,794,652</u>	<u>\$ 3,794,652</u>	
Total OPEB liability as a percentage of covered employee payroll	320.02%	334.93%	232.20%	393.30%	403.59%	
Notes to schedule:						
Discount rate	2.21%	2.66%	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 2011 - 2016 is not available

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

See Accompanying Independent Auditor's Report.

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

	2021	2020	2019	2018	2017
Total OPEB liability **	\$ 2,518,489,145	\$ 2,553,523,376	\$ 1,874,970,335	\$ 2,431,048,672	\$ 2,532,753,040
GHURA's proportion of the total OPEB Liability	\$ 16,920,540	\$ 15,873,373	\$ 11,630,596	\$ 14,924,532	\$ 15,314,916
GHURA's proportion of the total OPEB Liability	0.67%	0.62%	0.62%	0.61%	0.60%
GHURA's covered-employee payroll	5,287,326	4,739,363 1,366,040	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	320.02%	334.93%	232.20%	393.30%	403.59%

\* Information for 2011 - 2016 is not available

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

See Accompanying Independent Auditor's Report.

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

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,736,353	\$ 1,325,418	\$ 1,625,198	\$ 1,679,498	\$ 1,437,562
Contributions in relation to the actuarially determined contribution	<u>257,710</u>	<u>278,128</u>	<u>258,531</u>	<u>245,526</u>	<u>245,526</u>
Contribution deficiency	<u>\$ 1,478,643</u>	<u>\$ 1,047,290</u>	<u>\$ 1,366,667</u>	<u>\$ 1,433,972</u>	<u>\$ 1,192,036</u>
Covered payroll as of valuation date	<u>\$ 5,287,326</u>	<u>\$ 4,739,363</u>	<u>\$ 5,008,944</u>	<u>\$ 3,794,652</u>	<u>\$ 3,794,652</u>
Contributions as a percentage of covered employee payroll	4.87%	5.87%	5.16%	6.47%	6.47%

Notes to Schedule

Valuation date: Actuarially determined contributions rates are calculated as of September 30, 2020.

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 2020, Non-Medicare and Medicare -6%; and Part B 4.25%. For year 1-3, then reducing 0.25% annually to an ultimate rate of 4.25%
Salary increase:	4% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disable Mortality Table, set forward 6 years and 4 years for males and females, respectively.

\* Information for 2011 - 2016 is not available

See Accompanying Independent Auditor's Report.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Schedule of Salaries, Wages and Benefits  
Years Ended September 30, 2021 and 2020

	2021	2020
Salaries	\$ 4,968,374	\$ 5,222,709
Retirement benefits	1,479,943	1,405,842
Benefits other than retirement	549,215	376,300
Overtime pay	620,880	129,225
Total salaries, wages and benefits	\$ 7,618,412	\$ 7,134,076
Employees at end of year	109	98

Note 1: The salaries, wages and benefits noted above are reported in the accompanying financial statements on a functional basis by program for the years ended September 30, 2021 and 2020.

See Accompanying Independent Auditor's Report.

**GUAM HOUSING AND URBAN RENEWAL AUTHORITY**  
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Combining Statements of Net Position  
September 30, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ 3,142,573	\$ 13,061,465	\$ 856,018	\$ -	\$ 17,060,056
Cash and cash equivalents - restricted	-	1,786,071	-	-	1,786,071
Receivables, net:					
Due from other funds	220,738	864,352	4,989,905	(6,074,995)	-
HUD	446,901	1,149,918	-	-	1,596,819
Notes receivable - current	-	271,779	205,474	-	477,253
Tenants	128,762	139,559	-	-	268,321
Other government	-	-	9,774	-	9,774
Accrued interest receivable	-	3,710	(13)	-	3,697
Miscellaneous	299,402	-	63,160	-	362,562
Allowance for doubtful accounts	(3,083)	(69,358)	(172,084)	-	(244,525)
Prepayments and other current assets	-	(2,337)	132,065	-	129,728
Inventory	14,779	273,298	-	-	288,077
Total current assets	<u>4,250,072</u>	<u>17,478,457</u>	<u>6,084,299</u>	<u>(6,074,995)</u>	<u>21,737,833</u>
Noncurrent assets:					
Notes receivable, net of current portion	-	6,432,986	126,114	-	6,559,100
Capital assets:					
Depreciable assets, net of accumulated depreciation	10,154,173	2,658,111	467,088	-	13,279,372
Non-depreciable assets	1,380,000	2,687,117	165,105	-	4,232,222
Other real estate	-	-	2,532,193	-	2,532,193
Total noncurrent assets	<u>11,534,173</u>	<u>11,778,214</u>	<u>3,290,500</u>	<u>-</u>	<u>26,602,887</u>
Total assets	<u>15,784,245</u>	<u>29,256,671</u>	<u>9,374,799</u>	<u>(6,074,995)</u>	<u>48,340,720</u>
Deferred outflows of resources:					
Pension	1,022,231	1,867,010	917,046	-	3,806,287
OPEB	1,325,511	3,081,524	1,333,939	-	5,740,974
Total deferred outflows of resources	<u>2,347,742</u>	<u>4,948,534</u>	<u>2,250,985</u>	<u>-</u>	<u>9,547,261</u>
Total assets and deferred outflows of resources	<u>\$ 18,131,987</u>	<u>\$ 34,205,205</u>	<u>\$ 11,625,784</u>	<u>\$ (6,074,995)</u>	<u>\$ 57,887,981</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>					
Current liabilities:					
Accounts payable and other deposits	\$ 141,230	\$ 12,652	\$ 1,106,501	\$ -	\$ 1,260,383
Due to HUD	16,755	-	-	-	16,755
Due to other funds	1,876,134	667,810	3,531,051	(6,074,995)	-
Current portion of accrued compensated absences	31,310	58,123	28,186	-	117,619
Current portion of note payable	84,000	153,000	-	-	237,000
Accrued payroll and other liabilities	45,082	66,881	50,777	-	162,740
Unearned revenues	300,579	1,185,802	167,004	-	1,653,385
Security and escrow deposits	189,797	145,838	3,173	-	338,808
Other current liabilities	(29,559)	(48,183)	176,170	-	98,428
Total current liabilities	<u>2,655,328</u>	<u>2,241,923</u>	<u>5,062,862</u>	<u>(6,074,995)</u>	<u>3,885,118</u>
Accrued compensated absences, net of current portion	194,589	462,440	214,608	-	871,637
Note payable, net of current portion	657,968	2,335,000	-	-	2,992,968
Net pension liability	4,530,079	7,334,399	3,858,021	-	15,722,499
OPEB liability	3,906,718	9,082,266	3,931,556	-	16,920,540
Total liabilities	<u>11,944,682</u>	<u>21,456,028</u>	<u>13,067,047</u>	<u>(6,074,995)</u>	<u>40,392,762</u>
Deferred inflows of resources:					
Pension	69,027	165,859	70,646	-	305,532
OPEB	1,218,022	2,831,637	1,225,767	-	5,275,426
Total deferred inflows of resources	<u>1,287,049</u>	<u>2,997,496</u>	<u>1,296,413</u>	<u>-</u>	<u>5,580,958</u>
Net position:					
Net investment in capital assets	10,792,205	5,345,228	3,164,386	-	19,301,819
Restricted	320,295	18,872,080	-	-	19,192,375
Unrestricted	(6,212,244)	(14,465,627)	(5,902,062)	-	(26,579,933)
Total net position	<u>4,900,256</u>	<u>9,751,681</u>	<u>(2,737,676)</u>	<u>-</u>	<u>11,914,261</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,131,987</u>	<u>\$ 34,205,205</u>	<u>\$ 11,625,784</u>	<u>\$ (6,074,995)</u>	<u>\$ 57,887,981</u>

See Accompanying Independent Auditor's 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, 2021

	Major Enterprise Funds	Non-Major Enterprise Funds	Other Enterprise Funds	Eliminations	Total
<b>Operating revenues:</b>					
HUD PHA Operating Grants	\$ 41,796,918	\$ 8,529,986	\$ -	\$ -	\$ 50,326,904
Tenant rental income	99,925	698,462	-	-	798,387
Management fees	-	-	1,425,798	(1,425,798)	-
Asset management fees	-	-	90,000	(90,000)	-
Bookkeeping fees	-	-	289,222	(289,222)	-
Other income	(91,557)	356,113	533,315	-	797,871
Total operating revenues	<u>41,805,286</u>	<u>9,584,561</u>	<u>2,338,335</u>	<u>(1,805,020)</u>	<u>51,923,162</u>
<b>Operating expenses:</b>					
Housing assistance payments	37,894,217	155,202	-	-	38,049,419
Salaries and wages	1,272,581	2,305,499	1,342,286	-	4,920,366
Employee benefits	659,804	1,236,905	589,464	-	2,486,173
Depreciation	1,360,458	592,445	35,775	-	1,988,678
Other administrative expenses	90,666	1,633,651	148,551	-	1,872,868
Retiree healthcare costs and other pension benefits	240,797	499,369	611,567	-	1,351,733
Repairs and maintenance	47,498	1,193,391	2,214	-	1,243,103
Utilities	235,752	239,466	24,610	-	499,828
Office expense	119,436	195,667	33,928	-	349,031
Professional fees	100,910	126,000	11,281	-	238,191
Compensated absences	23,267	65,848	18,216	-	107,331
Insurance	5,354	67,443	10,823	-	83,620
Advertising	12,243	17,484	6,155	-	35,882
Bad debts expense	2,440	(22,183)	(21,946)	-	(41,689)
Protective services	-	1,850	-	-	1,850
Management fees	597,048	828,750	-	(1,425,798)	-
Bookkeeping fees	224,482	64,740	-	(289,222)	-
Asset management fees	-	90,000	-	(90,000)	-
Total operating expenses	<u>42,886,953</u>	<u>9,291,527</u>	<u>2,812,924</u>	<u>(1,805,020)</u>	<u>53,186,384</u>
Operating loss	<u>(1,081,667)</u>	<u>293,034</u>	<u>(474,589)</u>	<u>-</u>	<u>(1,263,222)</u>
<b>Nonoperating revenues (expenses):</b>					
Contributions from GovGuam for retiree benefits	-	-	383,049	-	383,049
Fraud recovery	21,562	-	-	-	21,562
Interest income	6,318	(2,195)	90	-	4,213
Other income	175,965	16,843	190	-	192,998
Interest expense	(53,189)	-	-	-	(53,189)
Total nonoperating revenues, net	<u>150,656</u>	<u>14,648</u>	<u>383,329</u>	<u>-</u>	<u>548,633</u>
Loss before capital grants and contributions	<u>(931,011)</u>	<u>307,682</u>	<u>(91,260)</u>	<u>-</u>	<u>(714,589)</u>
<b>Capital grants and contributions:</b>					
Federal grants	<u>1,657,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657,470</u>
Change in net position	726,459	307,682	(91,260)	-	942,881
Net position at the beginning of the year	4,173,797	9,443,999	(2,646,416)	-	10,971,380
Net position at the end of the year	<u>\$ 4,900,256</u>	<u>\$ 9,751,681</u>	<u>\$ (2,737,676)</u>	<u>\$ -</u>	<u>\$ 11,914,261</u>

See Accompanying Independent Auditor's 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, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Section 8 Housing Choice Voucher	Public Housing Capital Fund Program	Supportive Housing for the Elderly	Total
Current assets:				
Cash and cash equivalents	\$ 2,418,489	\$ -	\$ 724,084	\$ 3,142,573
Receivables, net:				
Due from other funds	-	220,738	-	220,738
HUD	(40,646)	487,547	-	446,901
Tenants	132,427	-	(3,665)	128,762
Miscellaneous	301,842	-	(2,440)	299,402
Allowance for doubtful accounts	-	-	(3,083)	(3,083)
Inventory	-	-	14,779	14,779
Total current assets	<u>2,812,112</u>	<u>708,285</u>	<u>729,675</u>	<u>4,250,072</u>
Noncurrent assets:				
Capital assets:				
Depreciable assets, net of accumulated depreciation	227,009	9,250,372	676,792	10,154,173
Non-depreciable assets	-	-	1,380,000	1,380,000
Total noncurrent assets	<u>227,009</u>	<u>9,250,372</u>	<u>2,056,792</u>	<u>11,534,173</u>
Total assets	<u>3,039,121</u>	<u>9,958,657</u>	<u>2,786,467</u>	<u>15,784,245</u>
Deferred outflows of resources:				
Pension	964,270	-	57,961	1,022,231
OPEB	1,212,573	-	112,938	1,325,511
Total deferred outflows of resources	<u>2,176,843</u>	<u>-</u>	<u>170,899</u>	<u>2,347,742</u>
Total assets and deferred outflows of resources	<u>\$ 5,215,964</u>	<u>\$ 9,958,657</u>	<u>\$ 2,957,366</u>	<u>\$ 18,131,987</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>				
Current liabilities:				
Accounts payable and other deposits	\$ 113,132	\$ -	\$ 28,098	\$ 141,230
Due to HUD	16,755	-	-	16,755
Due to other funds	1,425,328	256,183	194,623	1,876,134
Current portion of accrued compensated absences	29,418	-	1,892	31,310
Current portion of note payable	-	-	84,000	84,000
Accrued payroll and other liabilities	38,754	3,763	2,565	45,082
Unearned revenues	6,016	294,563	-	300,579
Security and escrow deposits	176,094	-	13,703	189,797
Other current liabilities	(29,466)	-	(93)	(29,559)
Total current liabilities	<u>1,776,031</u>	<u>554,509</u>	<u>324,788</u>	<u>2,655,328</u>
Accrued compensated absences, net of current portion	176,028	-	18,561	194,589
Note payable, net of current portion	-	-	657,968	657,968
Net pension liability	4,326,944	-	203,135	4,530,079
OPEB liability	3,573,853	-	332,865	3,906,718
Total liabilities	<u>9,852,856</u>	<u>554,509</u>	<u>1,537,317</u>	<u>11,944,682</u>
Deferred inflows of resources:				
Pension	62,837	-	6,190	69,027
OPEB	1,114,242	-	103,780	1,218,022
Total deferred inflows of resources	<u>1,177,079</u>	<u>-</u>	<u>109,970</u>	<u>1,287,049</u>
Net position:				
Net investment in capital assets	227,009	9,250,372	1,314,824	10,792,205
Restricted	320,295	-	-	320,295
Unrestricted	(6,361,275)	153,776	(4,745)	(6,212,244)
Total net position	<u>(5,813,971)</u>	<u>9,404,148</u>	<u>1,310,079</u>	<u>4,900,256</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,215,964</u>	<u>\$ 9,958,657</u>	<u>\$ 2,957,366</u>	<u>\$ 18,131,987</u>

See Accompanying Independent Auditor's 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, 2021

	Section 8 Housing Choice Voucher	Public Housing Capital Fund Program	Supportive Housing for the Elderly	Total
<b>Operating revenues:</b>				
HUD PHA Operating Grants	\$ 40,707,659	\$ 463,346	\$ 625,913	\$ 41,796,918
Tenant rental income	-	-	99,925	99,925
Other income	(92,557)	1,000	-	(91,557)
<b>Total operating revenues</b>	<u>40,615,102</u>	<u>464,346</u>	<u>725,838</u>	<u>41,805,286</u>
<b>Operating expenses:</b>				
Housing assistance payments	37,894,217	-	-	37,894,217
Salaries and wages	927,606	234,868	110,107	1,272,581
Depreciation	(9,757)	1,318,551	51,664	1,360,458
Employee benefits	508,662	85,713	65,429	659,804
Other administrative expenses	55,772	4,396	30,498	90,666
Repairs and maintenance	37	-	47,461	47,498
Retiree healthcare costs and other pension benefits	211,410	-	29,387	240,797
Utilities	22,737	-	213,015	235,752
Office expense	110,019	20	9,397	119,436
Compensated absences	19,343	-	3,924	23,267
Insurance	1,786	-	3,568	5,354
Professional fees	98,199	-	2,711	100,910
Bad debts expense	-	-	2,440	2,440
Advertising	4,977	5,220	2,046	12,243
Management fees	553,956	-	43,092	597,048
Bookkeeping fees	224,482	-	-	224,482
<b>Total operating expenses</b>	<u>40,623,446</u>	<u>1,648,768</u>	<u>614,739</u>	<u>42,886,953</u>
<b>Operating income (loss)</b>	<u>(8,344)</u>	<u>(1,184,422)</u>	<u>111,099</u>	<u>(1,081,667)</u>
<b>Nonoperating revenues (expenses):</b>				
Fraud recovery	21,562	-	-	21,562
Interest income	6,318	-	-	6,318
Other income	173,360	-	2,605	175,965
Interest expense	(6,312)	-	(46,877)	(53,189)
<b>Total nonoperating revenues (expenses), net</b>	<u>194,928</u>	<u>-</u>	<u>(44,272)</u>	<u>150,656</u>
<b>Income (loss) before capital grants and contributions</b>	<u>186,584</u>	<u>(1,184,422)</u>	<u>66,827</u>	<u>(931,011)</u>
<b>Capital grants and contributions:</b>				
Federal grants	-	1,657,470	-	1,657,470
<b>Change in net position</b>	<u>186,584</u>	<u>473,048</u>	<u>66,827</u>	<u>726,459</u>
Net position at the beginning of the year	(6,000,555)	\$ 8,931,100	\$ 1,243,252	4,173,797
Net position at the end of the year	<u>\$ (5,813,971)</u>	<u>\$ 9,404,148</u>	<u>\$ 1,310,079</u>	<u>\$ 4,900,256</u>

See Accompanying Independent Auditor's 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, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Section 8	Section 8	Emergency	Community	Community	HOME Investment	Low Income	Low Income	HOME Investment	Continuum of	Emergency	Emergency	Resident	Multifamily	Primary Care	Economic, Social,	Family	Neighborhood	Total	
	Housing Choice Voucher - Mainstream	Housing Choice Voucher - CARES	Housing Voucher	Development Block Grant	Development Block Grant - CARES	Partnerships Program	Housing	Housing - CARES	Partnerships Program	Care Program	Solutions Grants Program	Solutions Grants Program - CARES	Opportunities and Supportive Services	Housing Service Coordinator	Health Center Program	Political and Development of the Territories	Self-Sufficiency Program	Stabilization		
Current assets:																				
Cash and cash equivalents	\$ -	\$ -	\$ 290,302	\$ 34,587	\$ -	\$ (6)	\$ 11,897,655	\$ -	\$ 838,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,061,465
Cash and cash equivalents - restricted	-	753,055	-	-	-	-	1,033,016	-	-	-	-	-	-	-	-	-	-	-	-	1,786,071
Receivables, net:																				
Due from other funds	3,339	-	7,371	100	-	26,319	819,472	-	-	-	-	-	-	-	-	-	-	7,751	-	864,352
HUD	-	-	-	333,923	23,237	-	280	358,354	155,611	9,311	23,690	161,438	50,891	21,957	-	-	11,226	-	-	1,149,918
Notes receivable - current	-	-	-	2,348	-	153,000	-	-	116,431	-	-	-	-	-	-	-	-	-	-	271,779
Tenants	-	-	1,075	8,813	-	-	128,921	-	750	-	-	-	-	-	-	-	-	-	-	139,559
Accrued interest receivable	-	-	-	-	-	-	(211)	-	3,921	-	-	-	-	-	-	-	-	-	-	3,710
Allowance for doubtful accounts	-	-	(1,075)	(7,319)	-	-	(48,322)	-	(12,642)	-	-	-	-	-	-	-	-	-	-	(69,358)
Prepayments and other current assets	-	-	-	-	-	-	(2,337)	-	-	-	-	-	-	-	-	-	-	-	-	(2,337)
Inventory	-	-	-	-	-	-	273,298	-	-	-	-	-	-	-	-	-	-	-	-	273,298
Total current assets	3,339	753,055	297,673	372,452	23,237	179,313	14,101,772	358,354	1,102,998	9,311	23,690	161,438	50,891	21,957	-	-	11,226	7,751	17,478,457	
Noncurrent assets:																				
Notes receivable, net of current portion	-	-	-	89,104	-	2,335,000	-	-	4,008,882	-	-	-	-	-	-	-	-	-	-	6,432,986
Capital assets:																				
Depreciable assets, net of accumulated depreciation	-	-	-	103,106	-	-	2,555,005	-	-	-	-	-	-	-	-	-	-	-	-	2,658,111
Non-depreciable assets	-	-	-	-	-	-	2,364,602	-	322,515	-	-	-	-	-	-	-	-	-	-	2,687,117
Total noncurrent assets	-	-	-	192,210	-	2,335,000	4,919,607	-	4,331,397	-	-	-	-	-	-	-	-	-	-	11,778,214
Total assets	3,339	753,055	297,673	564,662	23,237	2,514,313	19,021,379	358,354	5,434,395	9,311	23,690	161,438	50,891	21,957	-	-	11,226	7,751	29,256,671	
Deferred outflows of resources:																				
Pension	-	-	7,319	593,573	-	-	1,011,324	-	157,785	-	-	-	12,882	12,376	-	-	71,751	-	-	1,867,010
OPEB	-	-	9,568	836,277	-	-	1,821,460	-	222,301	-	-	-	41,926	40,278	-	-	109,714	-	-	3,081,524
Total deferred outflows of resources	-	-	16,887	1,429,850	-	-	2,832,784	-	380,086	-	-	-	54,808	52,654	-	-	181,465	-	-	4,948,534
Total assets and deferred outflows of resources	\$ 3,339	\$ 753,055	\$ 314,560	\$ 1,994,512	\$ 23,237	\$ 2,514,313	\$ 21,854,163	\$ 358,354	\$ 5,814,481	\$ 9,311	\$ 23,690	\$ 161,438	\$ 105,699	\$ 74,611	\$ -	\$ -	\$ 192,691	\$ 7,751	\$ 34,205,205	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>																				
Current liabilities:																				
Accounts payable and other deposits	\$ 1,426	\$ -	\$ 1,394	\$ 2,008	\$ -	\$ -	\$ 7,805	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
Due to other funds	-	116,479	(209,932)	347,225	22,275	13,230	(490,548)	358,354	216,775	8,218	23,690	160,895	51,124	17,086	295	600	24,895	7,149	667,810	
Current portion of accrued compensated absences	-	-	-	14,528	-	-	34,361	-	5,934	-	-	-	852	406	-	-	2,042	-	-	58,123
Current portion of note payable	-	-	-	-	-	153,000	-	-	-	-	-	-	-	-	-	-	-	-	-	153,000
Accrued payroll and other liabilities	-	-	1,776	(864)	962	-	56,462	-	2,597	1,093	-	543	4,448	(185)	-	-	49	-	-	66,881
Unearned revenues	-	636,576	485,367	646	-	48,560	13,353	-	-	-	-	-	-	-	-	1,300	-	-	-	1,185,802
Security and escrow deposits	-	-	-	3,025	-	-	136,538	-	6,275	-	-	-	-	-	-	-	-	-	-	145,838
Other current liabilities	-	-	-	-	-	(48,560)	377	-	-	-	-	-	-	-	-	-	-	-	-	(48,183)
Total current liabilities	1,426	753,055	278,605	366,568	23,237	166,230	(241,652)	358,354	231,600	9,311	23,690	161,438	56,424	17,307	295	1,900	26,986	7,149	2,241,923	
Accrued compensated absences, net of current portion	-	-	-	90,391	-	-	308,576	-	36,920	-	-	-	6,414	3,163	-	-	16,976	-	-	462,440
Note payable, net of current portion	-	-	-	-	-	2,335,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,335,000
Net pension liability	-	-	31,317	2,535,758	-	-	3,756,389	-	674,062	-	-	-	21,223	21,392	-	-	294,258	-	-	7,334,399
OPEB liability	-	-	28,200	2,464,783	-	-	5,368,443	-	655,195	-	-	-	123,569	118,713	-	-	323,363	-	-	9,082,266
Total liabilities	1,426	753,055	338,122	5,457,500	23,237	2,501,230	9,191,756	358,354	1,597,777	9,311	23,690	161,438	207,630	160,575	295	1,900	661,583	7,149	21,456,028	
Deferred inflows of resources:																				
Pension	-	-	499	44,092	-	-	99,014	-	11,721	-	-	-	2,389	2,295	-	-	5,849	-	-	165,859
OPEB	-	-	8,792	768,461	-	-	1,673,754	-	204,275	-	-	-	38,526	37,012	-	-	100,817	-	-	2,831,637
Total deferred inflows of resources	-	-	9,291	812,553	-	-	1,772,768	-	215,996	-	-	-	40,915	39,307	-	-	106,666	-	-	2,997,496
Net position:																				
Net investment in capital assets	-	-	-	103,106	-	-	4,919,607	-	322,515	-	-	-	-	-	-	-	-	-	-	5,345,228
Restricted	1,913	-	19,068	4,597	-	13,083	14,034,848	-	4,843,360	-	-	-	(11,947)	1,487	(295)	(1,900)	(32,736)	602	18,872,080	
Unrestricted	-	-	(51,921)	(4,383,244)	-	-	(8,064,816)	-	(1,165,167)	-	-	-	(130,899)	(126,758)	-	-	(542,822)	-	-	(14,465,627)
Total net position	1,913	-	(32,853)	(4,275,541)	-	13,083	10,889,639	-	4,000,708	-	-	-	(142,846)	(125,271)	(295)	(1,900)	(575,558)	602	9,751,681	
Total liabilities, deferred inflows of resources and net position	\$ 3,339	\$ 753,055	\$ 314,560	\$ 1,994,512	\$ 23,237	\$ 2,514,313	\$ 21,854,163	\$ 358,354	\$ 5,814,481	\$ 9,311	\$ 23,690	\$ 161,438	\$ 105,699	\$ 74,611	\$ -	\$ -	\$ 192,691	\$ 7,751	\$ 34,205,205	

See Accompanying Independent Auditor's 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, 2021

	Section 8 Housing Choice Voucher - Mainstream	Section 8 Housing Choice Voucher - CARES	Community Development Block Grant	Low Income Housing	Low Income Housing - CARES	HOME Investment Partnerships Program	Continuum of Care Program	Emergency Solutions Grants Program	Emergency Solutions Grants Program - CARES	Resident Opportunities and Supportive Services	Multifamily Housing Service Coordinator	Primary Care Health Center Program	Economic, Social, Political and Development of the Territories	Family Self-Sufficiency Program	Neighborhood Stabilization	Neighborhood Stabilization	Neighborhood Stabilization	Neighborhood Stabilization	Total	
<b>Operating revenues:</b>																				
HUD PHA Operating Grants	\$ 164,321	\$ 510,594	\$ 37,449	\$ 980,843	\$ 112,769	\$ -	\$ 4,869,138	\$ 363,670	\$ 102,395	\$ 728,805	\$ 133,766	\$ 335,249	\$ 34,564	\$ 49,279	\$ -	\$ -	\$ 107,144	\$ -	\$ 8,529,986	
Tenant rental income	-	-	-	28,495	-	-	660,801	-	9,166	-	-	-	-	-	-	-	-	-	698,462	
Other income	-	-	-	4,301	-	93,769	93,436	-	164,607	-	-	-	-	-	-	-	-	-	356,113	
<b>Total operating revenues</b>	<b>164,321</b>	<b>510,594</b>	<b>37,449</b>	<b>1,013,639</b>	<b>112,769</b>	<b>93,769</b>	<b>5,623,375</b>	<b>363,670</b>	<b>276,168</b>	<b>728,805</b>	<b>133,766</b>	<b>335,249</b>	<b>34,564</b>	<b>49,279</b>	<b>-</b>	<b>-</b>	<b>107,144</b>	<b>-</b>	<b>9,584,561</b>	
<b>Operating expenses:</b>																				
Housing assistance payments	153,009	-	2,193	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,202
Salaries and wages	-	267,655	9,817	508,354	31,533	-	1,009,548	156,627	107,012	36,724	1,338	14,066	25,727	39,206	-	-	103,892	-	-	2,305,499
Depreciation	-	-	-	14,537	-	-	577,908	-	-	-	-	-	-	-	-	-	-	-	-	592,445
Employee benefits	-	105,414	29,302	155,015	10,144	-	728,832	63,806	33,289	12,434	459	4,548	12,528	19,496	-	-	61,638	-	-	1,236,905
Other administrative expenses	-	3,603	604	103,175	67,382	306	312,479	5,104	6,590	679,122	131,969	312,603	8,680	2,034	-	-	-	-	-	1,633,651
Repairs and maintenance	-	-	-	152,920	-	-	1,044,052	1,269	(4,850)	-	-	-	-	-	-	-	-	-	-	1,193,391
Retiree healthcare costs and other pension benefits	-	-	27,424	210,340	-	-	152,783	-	55,914	-	-	-	(1,075)	8,299	-	-	45,684	-	-	499,369
Utilities	-	-	334	8,191	-	-	228,236	-	2,705	-	-	-	-	-	-	-	-	-	-	239,466
Office expense	-	16,504	616	19,236	-	-	132,226	20,059	3,063	-	-	-	16	3,947	-	-	-	-	-	195,667
Insurance	-	-	-	2,240	-	-	64,747	-	456	-	-	-	-	-	-	-	-	-	-	67,443
Professional fees	-	112	-	31,570	2,100	74,067	12,606	326	1,491	525	-	3,203	-	-	-	-	-	-	-	126,000
Bad debts (recovery) expense	-	-	-	(4,982)	-	-	(15,806)	-	(1,395)	-	-	-	-	-	-	-	-	-	-	(22,183)
Protective services	-	-	-	-	-	-	1,850	-	-	-	-	-	-	-	-	-	-	-	-	1,850
Advertising	-	828	-	6,820	1,610	-	7,071	-	326	-	-	829	-	-	-	-	-	-	-	17,484
Management fees	-	116,478	12	-	-	-	595,781	116,479	-	-	-	-	-	-	-	-	-	-	-	828,750
Bookkeeping fees	-	-	-	-	-	-	64,740	-	-	-	-	-	-	-	-	-	-	-	-	64,740
Asset management fees	-	-	-	-	-	-	90,000	-	-	-	-	-	-	-	-	-	-	-	-	90,000
<b>Total operating expenses</b>	<b>153,009</b>	<b>510,594</b>	<b>70,302</b>	<b>1,228,298</b>	<b>112,769</b>	<b>74,373</b>	<b>5,053,333</b>	<b>363,670</b>	<b>213,130</b>	<b>728,805</b>	<b>133,766</b>	<b>335,249</b>	<b>53,142</b>	<b>51,855</b>	<b>-</b>	<b>-</b>	<b>209,232</b>	<b>-</b>	<b>9,291,527</b>	
Operating income (loss)	11,312	-	(32,853)	(214,659)	-	19,396	570,042	-	63,038	-	-	-	(18,578)	(2,576)	-	-	(102,088)	-	293,034	
<b>Nonoperating revenues:</b>																				
Interest income	-	-	-	-	-	(6,313)	4,118	-	-	-	-	-	-	-	-	-	-	-	-	(2,195)
Other income	-	-	-	-	-	-	16,843	-	-	-	-	-	-	-	-	-	-	-	-	16,843
<b>Total nonoperating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,313)</b>	<b>20,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,648</b>
<b>Change in net position</b>	<b>11,312</b>	<b>-</b>	<b>(32,853)</b>	<b>(214,659)</b>	<b>-</b>	<b>13,083</b>	<b>591,003</b>	<b>-</b>	<b>63,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,578)</b>	<b>(2,576)</b>	<b>-</b>	<b>-</b>	<b>(102,088)</b>	<b>-</b>	<b>307,682</b>	
Net position at the beginning of the year	(9,399)	-	-	(4,060,882)	-	-	10,298,636	-	3,937,670	-	-	-	(124,268)	(122,695)	(295)	(1,900)	(473,470)	602	9,443,999	
Net position at the end of the year	\$ 1,913	\$ -	\$ (32,853)	\$ (4,275,541)	\$ -	\$ 13,083	\$ 10,889,639	\$ -	\$ 4,000,708	\$ -	\$ -	\$ -	\$ (142,846)	\$ (125,271)	\$ (295)	\$ (1,900)	\$ (575,558)	\$ 602	\$ 9,751,681	

See Accompanying Independent Auditor's 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, 2021

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Local Funds	Local Funds - CARES	Revolving Funds	Trust Funds	Other Funds	Total
<b>Current assets:</b>						
Cash and cash equivalents	\$ 264,213	\$ -	\$ 476,646	\$ 75,493	\$ 39,666	\$ 856,018
Receivables, net:						
Due from other funds	880,252	116,478	3,442,501	3,865	546,809	4,989,905
Notes receivable - current	205,474	-	-	-	-	205,474
Other government	-	-	9,774	-	-	9,774
Accrued interest receivable	-	-	-	(13)	-	(13)
Miscellaneous	4,739	-	54,981	-	3,440	63,160
Allowance for doubtful accounts	(169,534)	-	(2,550)	-	-	(172,084)
Prepayments and other current assets	-	-	132,065	-	-	132,065
<b>Total current assets</b>	<b>1,185,144</b>	<b>116,478</b>	<b>4,113,417</b>	<b>79,345</b>	<b>589,915</b>	<b>6,084,299</b>
<b>Noncurrent assets:</b>						
Notes receivable, net of current portion	126,114	-	-	-	-	126,114
Capital assets:						
Depreciable assets, net of accumulated depreciation	210,660	-	25,315	-	231,113	467,088
Non-depreciable assets	-	-	41,598	-	123,507	165,105
Other real estate	2,532,193	-	-	-	-	2,532,193
<b>Total noncurrent assets</b>	<b>2,868,967</b>	<b>-</b>	<b>66,913</b>	<b>-</b>	<b>354,620</b>	<b>3,290,500</b>
<b>Total assets</b>	<b>4,054,111</b>	<b>116,478</b>	<b>4,180,330</b>	<b>79,345</b>	<b>944,535</b>	<b>9,374,799</b>
<b>Deferred outflows of resources:</b>						
Pension	917,046	-	-	-	-	917,046
OPEB	1,333,939	-	-	-	-	1,333,939
<b>Total deferred outflows of resources</b>	<b>2,250,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,250,985</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 6,305,096</b>	<b>\$ 116,478</b>	<b>\$ 4,180,330</b>	<b>\$ 79,345</b>	<b>\$ 944,535</b>	<b>\$ 11,625,784</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
<b>Current liabilities:</b>						
Accounts payable and other deposits	\$ 26,481	\$ -	\$ 1,080,020	\$ -	\$ -	\$ 1,106,501
Due to other funds	-	116,855	1,988,779	-	1,425,417	3,531,051
Current portion of accrued compensated absences	28,186	-	-	-	-	28,186
Accrued payroll and other liabilities	47,641	-	3,136	-	-	50,777
Unearned revenues	28,413	-	138,591	-	-	167,004
Security and escrow deposits	3,173	-	-	-	-	3,173
Other current liabilities	-	-	176,170	-	-	176,170
<b>Total current liabilities</b>	<b>133,894</b>	<b>116,855</b>	<b>3,386,696</b>	<b>-</b>	<b>1,425,417</b>	<b>5,062,862</b>
Accrued compensated absences, net of current portion	214,608	-	-	-	-	214,608
Net pension liability	3,858,021	-	-	-	-	3,858,021
OPEB liability	3,931,556	-	-	-	-	3,931,556
<b>Total liabilities</b>	<b>8,138,079</b>	<b>116,855</b>	<b>3,386,696</b>	<b>-</b>	<b>1,425,417</b>	<b>13,067,047</b>
<b>Deferred inflows of resources:</b>						
Pension	70,646	-	-	-	-	70,646
OPEB	1,225,767	-	-	-	-	1,225,767
<b>Total deferred inflows of resources</b>	<b>1,296,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,296,413</b>
<b>Net position:</b>						
Net investment in capital assets	2,742,853	-	66,913	-	354,620	3,164,386
Unrestricted	(5,872,249)	(377)	726,721	79,345	(835,502)	(5,902,062)
<b>Total net position</b>	<b>(3,129,396)</b>	<b>(377)</b>	<b>793,634</b>	<b>79,345</b>	<b>(480,882)</b>	<b>(2,737,676)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 6,305,096</b>	<b>\$ 116,478</b>	<b>\$ 4,180,330</b>	<b>\$ 79,345</b>	<b>\$ 944,535</b>	<b>\$ 11,625,784</b>

See Accompanying Independent Auditor's 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, 2021

	Local Funds	Local Funds - CARES	Revolving Funds	Trust Funds	Other Funds	Total
<b>Operating revenues:</b>						
Management fees	\$ 1,192,841	\$ 232,957	\$ -	\$ -	\$ -	\$ 1,425,798
Asset management fees	90,000	-	-	-	-	90,000
Bookkeeping fees	289,222	-	-	-	-	289,222
Other income	51,336	-	481,979	-	-	533,315
<b>Total operating revenues</b>	<b>1,623,399</b>	<b>232,957</b>	<b>481,979</b>	<b>-</b>	<b>-</b>	<b>2,338,335</b>
<b>Operating expenses:</b>						
Salaries and wages	1,143,194	172,236	26,723	-	133	1,342,286
Depreciation	6,666	-	5,764	-	23,345	35,775
Employee benefits	523,133	55,808	10,473	-	50	589,464
Other administrative expenses	133,776	4,112	10,663	-	-	148,551
Repairs and maintenance	2,214	-	-	-	-	2,214
Retiree healthcare costs and other pension benefits	228,518	-	383,049	-	-	611,567
Utilities	24,610	-	-	-	-	24,610
Office expense	33,123	682	117	-	6	33,928
Compensated absences	18,216	-	-	-	-	18,216
Insurance	10,823	-	-	-	-	10,823
Professional fees	9,937	119	1,225	-	-	11,281
Bad debts expense	(21,946)	-	-	-	-	(21,946)
<b>Total operating expenses</b>	<b>2,116,274</b>	<b>232,957</b>	<b>440,159</b>	<b>-</b>	<b>23,534</b>	<b>2,812,924</b>
<b>Operating income (loss)</b>	<b>(492,875)</b>	<b>-</b>	<b>41,820</b>	<b>-</b>	<b>(23,534)</b>	<b>(474,589)</b>
<b>Nonoperating revenues:</b>						
Contributions from GovGuam for retiree benefits	-	-	383,049	-	-	383,049
Interest income	24	-	9	45	12	90
Other income	-	-	190	-	-	190
<b>Total nonoperating revenues</b>	<b>24</b>	<b>-</b>	<b>383,248</b>	<b>45</b>	<b>12</b>	<b>383,329</b>
<b>Change in net position</b>	<b>(492,851)</b>	<b>-</b>	<b>425,068</b>	<b>45</b>	<b>(23,522)</b>	<b>(91,260)</b>
<b>Net position at the beginning of the year</b>	<b>(2,636,545)</b>	<b>(377)</b>	<b>368,566</b>	<b>79,300</b>	<b>(457,360)</b>	<b>(2,646,416)</b>
<b>Net position at the end of the year</b>	<b>\$ (3,129,396)</b>	<b>\$ (377)</b>	<b>\$ 793,634</b>	<b>\$ 79,345</b>	<b>\$ (480,882)</b>	<b>\$ (2,737,676)</b>

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