clerks@guamlegislature.org

From: Speaker's Office <speaker@guamlegislature.org>
Sent: Wednesday, August 12, 2020 4:28 PM
To: Clerks Office
Cc: Rennae Meno
Subject: M&C Fwd: OPA Released GHURA FY 2019 Financial Audit Reports
Attachments: GHURA_fs19 [Final Aug 11 2020].pdf; GHURA_comp19 [Final August 11 2020].pdf; GHURA_ml19 [Final Aug 11 2020].pdf; GHURA_sas19 [Final Aug 11 2020].pdf; GHURA HL FY 2019.pdf; Email-OPA-GHURA FY2019 Financial Audit Reports.pdf

08-12-20	2:53 PM	08-12-20	Guam Housin and Urban Renewall Authority FY 2019 Financial Statements, Report on Compliance and Internal Controls, Managment Letter, and Letter to those Charged with Governance.*	Office of Public Accountability	35GL-20-2151

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

This e-mail message is intended only for the use of the individual or entity named above and may contain confidential and privileged information. If you are not the intended recipient, any disclosure, copying, distribution or use of the information contained in this transmission is strictly PROHIBITED. If you have received this transmission in error, please immediately notify us by replying to speaker@guamlegislature.org and delete the message immediately. Thank you very much.

Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Chris Rivera** <crivera@guamopa.com>
Date: Wed, Aug 12, 2020 at 2:53 PM

Subject: OPA Released GHURA FY 2019 Financial Audit Reports
To: Office of Public Accountability <admin@guamopa.com>

Hafa Adai!

Transmitted here are the Guam Housing and Urban Renewal Authority (GHURA) FY 2019 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance. We also included our two-page highlights providing insights into GHURA's FY 2019 financial operations.

These reports and our highlights may also be found on our website at www.opaguam.org.

Thank you.

--

Chris Rivera
Accountability Auditor

Office *of* Public Accountability - Guam
"Auditing for Good Governance"

Main: 475-0390 ext. **207** | Fax: 472-7951 | Hotline: 472-8348
Website @ www.opaguam.org

This email and any attachments are for the sole use of the intended recipient(s) and contain information that may be confidential or legally privileged. If you have received this email in error, please notify the sender by reply email and delete the message. Any disclosure, copying, distribution, or use of this communication by someone other than the intended recipient is prohibited.

Speaker's Office <speaker@guamlegislature.org>

OPA Released GHURA FY 2019 Financial Audit Reports

1 message

Chris Rivera <crivera@guamopa.com> Wed, Aug 12, 2020 at 2:52 PM
To: Office of Public Accountability <admin@guamopa.com>
Bcc: speaker@guamlegislature.org

Hafa Adai!

Transmitted here are the Guam Housing and Urban Renewal Authority (GHURA) FY 2019 Financial Statements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance. We also included our two-page highlights providing insights into GHURA's FY 2019 financial operations.

These reports and our highlights may also be found on our website at www.opaguam.org.

Thank you.

--

35GL-20-2151
Speaker Tina Rose Muña Barnes

AUG 12 2020
Time 2:53 ()AM ()PM
Received By: Matt

Chris Rivera
Accountability Auditor

Office *of* Public Accountability - Guam
"Auditing for Good Governance"

Main: 475-0390 ext. **207** | Fax: 472-7951 | Hotline: 472-8348
Website @ www.opaguam.org

This email and any attachments are for the sole use of the intended recipient(s) and contain information that may be confidential or legally privileged. If you have received this email in error, please notify the sender by reply email and delete the message. Any disclosure, copying, distribution, or use of this communication by someone other than the intended recipient is prohibited.

5 attachments

- **GHURA_fs19 [Final Aug 11 2020].pdf** 736K
- **GHURA_comp19 [Final August 11 2020].pdf** 1048K
- **GHURA_ml19 [Final Aug 11 2020].pdf** 95K
- **GHURA_sas19 [Final Aug 11 2020].pdf** 2137K
- **GHURA HL FY 2019.pdf** 343K

OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam 96910
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
www.opaguam.org

Guam Housing and Urban Renewal Authority (GHURA) – FY 2019 Financial Highlights

August 12, 2020

Hagåtña, Guam – The Office of Public Accountability released the Guam Housing and Urban Renewal Authority's (GHURA) financial statements, report on internal control over financial reporting and compliance, report on compliance of each major federal programs, management letter, and letter to those charged with governance for fiscal year (FY) 2019. Independent auditors Deloitte & Touche, LLP rendered an unmodified ("clean") opinion on GHURA's FY 2019 financial statements. However, GHURA received modified opinions in two of its six major federal programs and clean opinions in the other four. In addition, auditors identified two material weaknesses in internal control over compliance related to federal awards and four significant deficiencies.

FY 2018 Net Position Restated

GHURA ended FY 2019 with a decrease in net position (net loss) of $1.5 million (M). This is an improvement from prior year's net loss of $1.7M. However, GHURA restated its FY 2018 financial statements because of overstated unearned revenue by $5M and understated capital assets by $817 thousand (K). As a result, these increased the beginning FY 2019 net position by $5.8M from $8.8M to $14.7M.

Delay of Financial Reporting Adversely Impacted GovGuam

Single Audit Report Finding No 2019-001:

> GHURA's lack of timely completion of its audited financial statements adversely impacted the completion and issuance of the Government of Guam (GovGuam) financial statements. Failure to include GHURA's financial statements as a component unit may potentially result in an adverse opinion on GovGuam's financial statements. This in turn impacts the ability of GovGuam to timely report to its stakeholders, including bondholders, [Guam legislators], and the federal government.

Operating Revenues and Expenses

For FY 2019, total operating revenues of $42.5M minimally decreased by $149K (less than 1%) from $42.6M in FY 2018. The U.S. Department of Housing and Urban Development (HUD) is a significant funding source for GHURA's housing programs with a total grant of $42.9M, or 97% of the total revenues of $44.2M.

HUD grant increased by $1.5M, or 3.6%, from $41.4M in FY 2018. Of that amount, $38.1M went to fund GHURA's five major programs: 1) $30.2M to Section 8 Housing Choice Voucher (HCV) Program, 2) $3.9M to Low Income Housing, 3) $2.1M to Public Housing Capital Fund, 4) $1M to HOME Investment Partnerships, and 5) $897K to Continuum of Care.

Total operating expenses of $46.1M increased by $600K (1%) from $45.5M in FY 2018. The Housing Assistance Payments (HAP) of $28.6M is GHURA's biggest expense which increased by 3% from $27.8M in FY 2018. GHURA's other major operating expenses included Salaries and Wages of $4.3M and Repairs and Maintenance of $4.2M.

Doc. No. 35GL-20-2151.*

Section 8 Housing Choice Voucher Program
As of FY 2019, GHURA approved HAP contracts to 2,571 dwelling families. Payments to landlords increased by $752K in FY 2019 from the previous year's $27.8M due to higher rental costs. This program is largely funded by HUD, subsidizing 70% of the rent. Because this subsidy is subject to Congressional approval, many families and individuals seeking housing assistance could be impacted by budget shortfalls. Based on HUD's recommendation, GHURA is considering proposed steps to address these by raising minimum rents and moving those who live in larger units to smaller ones.

Low Income Housing Program-Asset Management Properties (AMP)
GHURA owns 750 public housing for its Low Income Housing Program, consisting of four AMPs situated in four sites. Rent can be as low as $50 while HUD grant funds the remaining payment to GHURA. In FY 2019 operating revenues from HUD amounted to $3.9M while $703K from rental income. Although the HUD grant made up 83% of the total operating revenues for this program, it decreased by $667K, or 15%, from $4.5M in FY 2018. Rental income, which is 15% of total operating revenues, increased by $171K, or 32%, from the previous year.

Contingencies and CARES Act Funding
In FY 2015, HUD recommended GHURA repay the contingent liability of $2M using non-federal funds related to its prior legal counsel conflict of interest and unspent funds building construction. This remains unresolved as of FY 2019.

In light of the novel coronavirus (COVID-19) that severely affected our community, GHURA received funding from the Coronavirus Aid, Relief, and Economic Securities (CARES) Act totaling $6.2M and supplemental funding of $1.3M to address community needs directly related to COVID-19.

Report on Internal Control and Compliance
GHURA received qualified opinions in two of its major federal programs, Continuum of Care and Public Housing Capital Funds due to two material weaknesses. Also noted were four significant deficiencies. These resulted in a total questioned costs of $7K.

The material weaknesses refer to: 1) lack of documents to substantiate compliance requirements for reasonable rental rates (Continuum of Care) and 2) small purchase procurement method used for construction contracts above $50K (Public Housing Capital Fund).

The four significant deficiencies were relative to: 1) $100K unreconciled expenditures, $5M overstated unearned revenue and $706K understated capital assets, 2) $237K underreported income, 3) absence of quality control reviews and 4) non-compliance with applicable reporting requirements.

Management Letter
A separate Management Letter was issued identifying five deficiencies referring to long outstanding accounts, allowance for doubtful accounts, unreleased check, unrecorded invoice and security, and escrow deposits. Auditors recommended GHURA review its accounting, provisioning methodology, and review processes to address its internal control over financial reporting deficiencies.

For a more detailed discussion of GHURA's operations, see Management Discussion and Analysis as well as the reports in their entirety at www.ghura.org or www.opaguam.org.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2019

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

Year Ended September 30, 2019
Table of Contents

		Page No.
I.	INDEPENDENT AUDITORS' REPORT	1
II.	MANAGEMENT'S DISCUSSION AND ANALYSIS	4
III.	FINANCIAL STATEMENTS:	
	Statement of Net Position	23
	Statement of Revenues, Expenses and Changes in Net Position	24
	Statement of Cash Flows	25
	Notes to Financial Statements	26
IV.	SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION:	
	Schedule of Proportionate Share of the Net Pension Liability	57
	Schedule of Pension Contributions	60
	Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios	61
	Schedule of Proportionate Share of the Total OPEB Liability	62
	Schedule of OPEB Employer Contributions	63
V.	OTHER SUPPLEMENTARY INFORMATION:	
	Supplemental Schedule of Salaries, Wages and Benefits	64
	Combining Statements of Net Position	65
	Combining Statements of Revenues, Expenses and Changes in Net Position	66
	Other Combining Statements:	
	Major Enterprise Funds:	
	Statements of Net Position	67
	Statements of Revenues, Expenses and Changes in Net Position	68
	Non-major Enterprise Funds:	
	Statements of Net Position	69
	Statements of Revenues, Expenses and Changes in Net Position	70
	Other Enterprise Funds:	
	Statements of Net Position	71
	Statements of Revenues, Expenses and Changes in Net Position	72

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matters

COVID-19

As discussed in Note 15 to the financial statements, GHURA determined that the COVID-19 pandemic may negatively impact its business, results of operations and financial position. However, due to uncertainty surrounding the duration, GHURA is unable to reasonably estimate its ultimate financial impact.

Restatement

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

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 22 as well as the Schedules of Proportionate Share of the Net Pension Liability on pages 57 through 59, the Schedule of Pension Contributions on page 60, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 61, the Schedule of the Proportionate Share of the Total OPEB Liability on page 62 and the Schedule of OPEB Employer Contributions on page 63 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position and of revenues, expenses and changes in net position on pages 65 through 72 are presented for purposes of additional analysis and are not a required part of the financial statements.

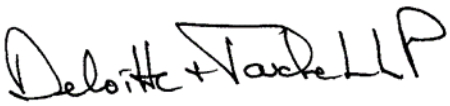
The combining statements of net position and of revenues, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

The schedule of salaries, wages and benefits on page 64 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2020, on our consideration of GHURA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GHURA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GHURA's internal control over financial reporting and compliance.



August 7, 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, 2019.

The annual financial report consists of four parts - management's discussion and analysis (this section), the basic financial statements, the accompanying footnotes, and the supplementary information.

PROFILE OF THE AUTHORITY

Our Mission

To assure the availability of quality housing for low-income persons, to promote the civic involvement and economic self-sufficiency of residents, and to further the expansion of affordable housing on Guam.

General Information

Created in 1962, GHURA's goal is to provide adequate housing and planning for those who live in our community and receive assistance through our various rental and home ownership programs. Our programs are designed to support our clients and enable them to fulfill goals for themselves and their families. Our goal is to create opportunities for our client's successful participation in the workforce and housing in the private/public sector.

GHURA's staff (of approximately 98 Full Time Equivalents) is committed to excellence in the foundation for facilitating our clients' goals. We aggressively pursue partnerships with public and/or private entities to allow for the implementation of programs beneficial to our clients.

Neighborhood by neighborhood, we are changing the definition of public housing. Public housing no longer means fencing off a property where no one from outside the "project" dares to wander in. Today, it means modernizing our developments that blend in and become part of the surrounding community.

At GHURA, we welcome constructive suggestions on how we can improve our services. We look forward to meeting the affordable housing needs for the island of Guam.

Overview of the Financial Statements

The management discussion and analysis is intended to serve as an introduction to GHURA's basic financial statements. GHURA's basic financial statements are comprised of two components: 1) authority-wide financial statements; and 2) notes to the financial statements. This report also contains the Schedule of Expenditures of Federal Awards as supplementary information in addition to the basic financial statements themselves.

Authority-Wide Financial Statements

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

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

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

Investment in Capital Assets, Net of Related Debt: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

Notes to the Financial Statements

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

Fund Financial Statements

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

GHURA's Funds

PUBLIC HOUSING – ASSET MANAGEMENT PROPERTIES

Public Housing was established to provide decent, safe, and sanitary rental housing for eligible families, the elderly, and persons with disabilities. Public Housing comes in all sizes and types – from scattered single-family houses to clustered units for elderly families or persons with disabilities. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with the U.S. Housing and Urban Development (HUD). The rent paid by the tenant is a percentage of tenant gross income subject to a $50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) GHURA's flat rent amount.

GHURA owns and operates 750 Public Housing units consisting of four Asset Management Properties (AMP): AMP 1 Central Site Base, AMP 2 - Southeast Site Base, AMP 3 - Southwest Site Base, and AMP 4 - Northern Site Base. These site bases consist of the following developments:

AMP 1 – Site Base consists of 158 units located at Sinajana, Agana Heights, Mongmong, and Asan.

AMP 2 – Site Base consists of 163 units located at Yona, Inarajan, and Talofofo and Talofofo Elderly.

AMP 3 – Site Base consists of 195 units located at Agat, Agat Elderly, Merizo, Merizo Elderly, and Umatac.

AMP 4 – Site Base consists of 234 units located at Toto, Dededo, and Dededo Elderly.

Each AMP has a Property Site Manager directly responsible for their respective property management activities. Collectively, each individual AMP's property management activities include budgeting, oversight and monitoring of daily operations, overall maintenance of rental units, and the upkeep of common areas within their respective developments. In addition, each AMP also has asset management responsibilities that include short- and long-term capital improvement planning, review of finances, monitoring fixed assets and consumable stock, regulatory compliance, and planning for the long-term sustainability of the program. Property Site Managers oversee resident services, work orders, income reexaminations, evictions, and other matters.

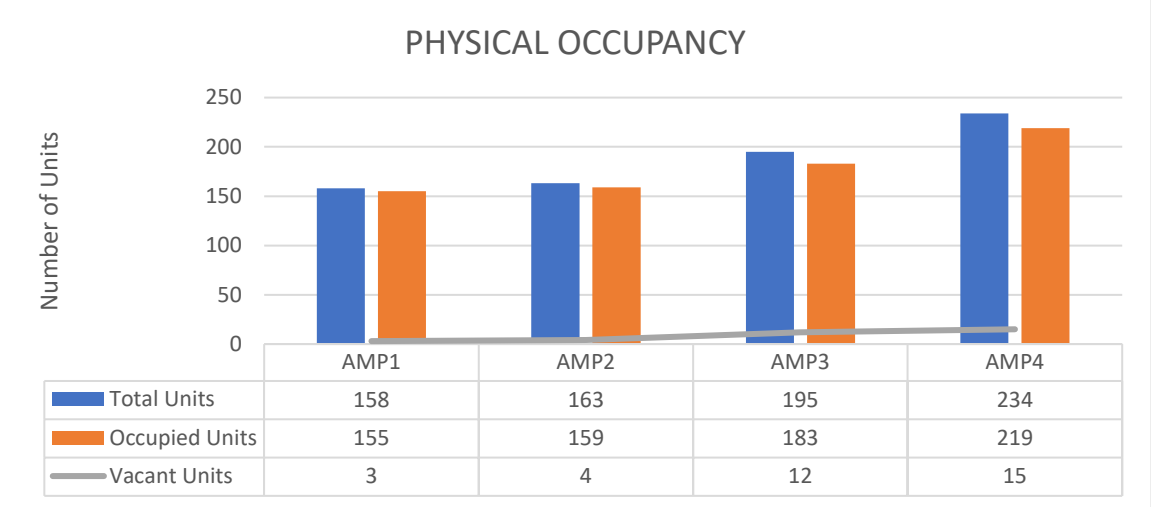
The intention of working under an AMP system is to improve the short- and long-term management of public housing through more accurate information and better decision-making, thus, expanding the viability of the public housing program over a long-term period. By converting to the AMP system, we now have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

GHURA is dedicated to providing quality public and affordable housing for all. Each of our developments is a special place, reflecting the rich diversity in the experiences and backgrounds of our residents and the surrounding neighborhoods. We welcome people from many walks of life and enjoy being part of their lives in a meaningful way by providing decent, safe, sanitary, and affordable housing. We work diligently to create positive living environments to enhance the quality of life for our residents.

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

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

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



	AMP1	AMP2	AMP3	AMP4
Total Units	158	163	195	234
Occupied Units	155	159	183	219
Vacant Units	3	4	12	15

Capital Fund Program

In order to maintain its public housing inventory as a safe and habitable source of affordable housing, GHURA develops an annual Capital Improvement Plan. Through the Capital Fund Program, GHURA receives an annual formula grant of approximately $2.3 million (based on the most recent grant) to implement such plan.

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

THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (HCV)

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

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

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

- The average household annual income was $9,280 for non-working families and $21,295 for working families. Income sources for non-working families come from various sources such as general assistance, Supplemental Nutrition Assistance Program (SNAP; commonly known as food stamps) and Temporary Assistance for Needy Families (TANF).

- The most requested unit sizes were three (42%), two (28%) and four-bedrooms (14%), respectively.

- The average housing assistance payment paid was $1,000.12 per unit and the average tenant rent share was $163.

- The ethnicity breakdown of households consists of 92 percent Pacific Islander, followed by 4 percent Asian, 1.4 percent Caucasian, less than 1 percent Hispanic and the remaining 1.6 percent consist of other ethnicities.

- 2,108 households with female head of households and 493 male head of households.

- 16 percent of households included a person or persons with disabilities and 10.4 percent were elderly households over the age of 62 or older.

Project-based Assistance Program:

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

Portability:

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

Family Self-sufficiency (FSS) Program:

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

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

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

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

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

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

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

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

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

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

SUPPORTIVE HOUSING FOR THE ELDERLY (Guma Trankilidat Project)

The Guma Trankilidat Project is an elderly housing rental program, consisting of 50 dwelling units (49 one-bedroom and 1 two-bedroom unit). Construction of Guma Trankilidat Project was financed through a loan from the U.S. Department of Agriculture Section 515 Rural Rental Housing Program for $2 Million and amortized for a 50-year period beginning March 26, 1980. Annual rental subsidies of approximately $600 thousand are provided through project-based vouchers through the U.S. Department of Housing and Urban Development's Multifamily Housing program. These subsidies cover both the annual operating expenses and mortgage payments.

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

COMMUNITY PLANNING AND DEVELOPMENT FUNDS

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

On an annual basis, Guam receives funds from HUD's CPD Office to address housing and community needs in Guam. GHURA is the administrator of these funds from HUD. GHURA, on Guam's behalf, receives these funds in the form of three formula grants – the Community Development Block Grant (CDBG); the Home Investment Partnership Grant (HOME); and the Emergency Solutions Grant (ESG). GHURA also administers funds competitively awarded under the Continuum of Care (CoC) Program to address the needs of homeless populations.

During FY2019, GHURA administered $5.5 million in eligible CPD-funded activities. In fiscal year 2019 alone, a total of $4,404,817 was received to fund eligible projects and activities with formula grant funds. CoC funds totaling $1,095,776 were approved for activities in fiscal year 2019. Project selection was based on the review of applications submitted by community groups for activities, which would satisfy the needs and goals outlined in the report "*Guam Consolidated Plan (2015-2019)".*

Community Development Block Grants

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

Public Service –

(1) To support the operations of a shelter for special needs individuals, homeless men and men of low/moderate income in recovery from substance abuse.

(2) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received match funding to support the operation of the Homeless Management Information System (HMIS). HMIS is the repository for data that tracks the assistance provided to the island's homeless through the various government and non-profit service providers.

(3) The Family Service Center/One-Stop Homeless Assistance Center (FSC/One-Stop) received funds for operations to administer homeless prevention and rapid re-housing services under the Emergency Solutions Grant.

(4) The Opportunity Initiative is a program administered by the Big Brothers Big Sisters of Guam to provide on-site enrichment activities and curriculum-based programs to enhance work readiness and literacy skills for youth and adults.

Public Facilities and Improvements –

(1) Acquisition/Construction of the Central Police Precinct Command-Funds were used to acquire land for the construction of a new Central Police Precinct Command facility for the Guam Police Department.

(2) Sinajana Community Recreation Facility-Funds were used to rehabilitate the Sinajana baseball field, basketball court, and the park across the GHURA main facility to provide the community in Sinajana with a decent and safe recreational facility.

(3) Rehabilitation of Umatac Baseball Field-Funds were used to rehabilitate the Umatac baseball field to installation of lighting, fences, dugouts, ADA-compliant restrooms, sidewalks, and utility and sewer connections.

(4) Baseball Park Enhancement-Dededo Sports Complex-Funds were used to improve the Department of Parks and Recreation's Guam Sports Complex by adding restroom facilities, a community kiosk area and observation deck.

(5) Residential Treatment Center for Women-Funds were used to construct a 14-bed facility for women who are undergoing treatment for substance abuse.

(6) Site Planning and Preparation for Public Service Facility-Funds were used to conduct site preparation and planning for the construction of a public facility and transitional housing.

(7) Central Community Arts Hall-Funds were used to construct a lecture/theater-style building that will have a 150-seat capacity.

Program Administration and Consolidated Planning –

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

Home Investment Partnerships Program (HOME)

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

Homebuyer –

(1) Acquisition and Rehabilitation of Single Family Homes. Funds were used to acquire and rehabilitate single-family units and make them available for sale to low and moderate income qualified and eligible homebuyers.

(2) Rehabilitation of Affordable Housing (Isla Apartments)-Funds were used to renovate a 14-unit facility to be used as affordable rental housing.

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

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

Emergency Solutions Grant (ESG)

In FY2019, ESG funded activities serving homeless populations. ESG funds were used in providing homeless prevention and rapid re-housing services to individuals and families who are homeless or at risk of becoming homeless.

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

Continuum of Care Grant Funds

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

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

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

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

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

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

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

Low-Income Housing Tax Credit Program

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

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

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

Low Income Housing Tax Credit Program - Guam				
Project Name	**Developer**	**Units**	**Location**	**Status**
Ironwood Estates	Ironwood Estates, LLC	108	Machanao, Dededo	In Service*
Ironwood Manor	Ironwood Manor, LLC	100	Machanao, Dededo	In Service*
Ironwood Glen	Ironwood Glen, LLC	93	Machanao, Dededo	In Service*
Ironwood Heights I	Ironwood Heights, LLC	72	Highway 14B, Tamuning	In Service*
Ironwood Heights II	Ironwood Heights, LLC	60	Highway 14B, Tamuning	In Service*
Summer Green Residences	Summer Green DE, LLC	72	So. Marine Corps Drive, Tamuning	In Service*
Summer Homes	Summer Homes DE, LLC	81	Route 9, Dededo	In Service*
Summer Town Elderly Housing	Summer Town Estates, DE LLC	-	Lada Avenue, Dededo	-
Phase I	-	128		In Service**
Phase II (Section 8 Project-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	Under Construction

* Individuals and Families

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

State and Local Funds

These Funds consist of various community projects funded through the local government and grants-in aid. They also include programs for land sales and leases for low to moderate-income individuals and various urban renewal and development projects.

Authority-Wide Financial Statements

Statements of Net Position

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

GHURA's Net Position
As of September 30
Table 1

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

Total assets and deferred outflows of resources of GHURA as of September 30, 2019 amounted to $48,111,478, an increase of $368,436 or 0.8% as compared to $47,743,042 as of September 30, 2018. Cash and cash equivalents as of September 30, 2019 totaled $15,613,356, an increase of $685,541 or approximately 4.6% as compared to $14,927,815 as of September 30, 2018.

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

While the results of operations are a significant measure of GHURA's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being. Table 2 presents details on the change in Unrestricted Net Position for the fiscal years ended September 30, 2019 and 2018. (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

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

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

Statements of Revenues, Expenses and Change in Net Position

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

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

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

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

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

Revenues

GHURA's revenues consist of Operating Subsidies, Grants, Tenant Rents and Others. The majority of its revenues are from HUD. Table 4 presents a summary of operating and capital grants received by GHURA for the years ended September 30, 2019 and 2018.

GHURA's Grant Revenues
Years Ended September 30
Table 4

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

Tenant Revenue

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

Other Revenue

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

Expenses

Housing Assistance Payments

Housing assistance payments, which accounted for 61.96% of total current year expenses, increased by $751,562, or approximately 2.7% from $27,846,756 in 2018 to $28,598,318 in 2019. The increase in the current year expenses is attributed to increase in Section 8 Housing Choice vouchers for the period due to higher unit month leasing costs.

Other Operating Expenses

Other operating expenses, which accounted for the remaining 37.9% of total current year expenses, decreased by $151,895, or approximately 0.9% from $17,633,697 in 2018 to $17,481,802 in 2019.

Capital Assets and Debt Administration

Capital Assets

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

GHURA's Capital Assets
As of September 30
Table 5

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

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

Debt Outstanding

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

Economic Factors

Significant economic factors that affect GHURA are as follows:

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

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

GHURA locally administers certain programs of the U. S. Housing and Urban Development (HUD). The funding source for all major programs is virtually 100% dependent on the U. S. Federal government, through HUD. Funding and funding related issues are therefore subject to Congressional approval on an annual basis. Major changes continue to occur in HUD program rules, regulations, and requirements, particularly as they relate to funding methodology, which will affect GHURA's future operations and administration of these federal programs. Funding is provided for HUD programs on a calendar year basis.

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

On March 1, 2013, the President of the United States, as required by the Budget Control Act of 2011, issued a sequestration order cancelling $85 billion in Federal budgetary resources across the Federal government for FY 2013. As a result of the sequestration, those major HUD programs administered by the Agency that are expected to be most impacted by funding pro-rations are as follows: Housing Choice Voucher (HCV) program housing payments assistance program - approximately 94.1%; HCV program funding for administrative fees at 69.1%; and Low Rent Public Housing Operating Fund at 73% to 77%.

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

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

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

The local economy is heavily dependent on the tourism industry, the source of which is from Asian markets, primarily Japan. Unlike most public housing authorities in the U. S. mainland, the local economy does not follow the U. S. national economic trends. The tourism industry appears to be in an initial recovery stage. However, adverse economic conditions, compounded by the effects of ever-increasing worldwide prices of oil, are and will continue to affect residents, clients, and partners. The local government revenues have greatly reduced the amount of welfare assistance provided to those tenants of GHURA, who were or are welfare recipients.

Local inflationary, recessionary and unemployment trends continue to affect resident incomes and therefore the amount of dwelling rental income GHURA is able to charge and collect. Unemployment is estimated at 8%, and has affected those individuals with low to moderate income paying jobs, many of whom include the tenants in GHURA's housing programs. Tenants' reduced incomes result in lower dwelling rental income received by GHURA, and lower collection rates, which have affected operations.

Inflationary pressure on utility rates, supplies and other costs – Utility rates have been fluctuating. Utility costs must be factored into utility allowances for tenants, which increase the level of assistance provided in terms of utility allowances, which increases the costs of the housing programs in general.

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

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

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

Rental Assistance Demonstration

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

Audit and Compliance

In order to ensure accountability for performance and results, the Executive Management is using a Management Scorecard. The Executive Management will use this scorecard to track how well departments are executing the management initiatives, and where they stand at a given point in time against the overall standards for success. Scores are based on standards established under the Public Housing Assessment System, Section Eight Management Assessment System, Voucher Management System, Rental Integrity Monitoring Reviews, and independent audits, to name a few. Over time, the scores should improve as departments correct the problems. The Executive Management will update this report twice a year and issue a mid-year report. We will hold ourselves responsible and report honestly, when progress is too slow.

Systems, Controls, and Legal Compliance

Systems

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

The software exchanges data with HUD's web-based reporting requirements, and transmits and receives electronic banking payment (receivables) on a daily basis, as well as other various GovGuam agencies. All modules are accessible simultaneously by the approximate 90 staff via remote sites, designed to improve our customer service and support. These remote locations in Agat, Yona, Toto, Tumon, and Agana all access the main host server located in Sinajana via a common telecommunications media. Additionally, a second software is utilized to effectively track and forecast grant expenditures managed by CPD. These grants include CDBG, Home, ESG, and Continuum of Care programs. Data from both systems are exchanged and utilized in the reconciliation process, payment, and reporting requirements. Numerous controls, interface programs, and preventive measures have been developed, tested and implemented to ensure the integrity and accuracy of the data, to include quality control and discrepancy reports.

Controls

Management controls are the organization, policies, and procedures used to reasonably ensure that (1) programs achieve their intended results; (2) resources are used consistent with agency's mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decision making.

Managers must take systematic and proactive measures to (1) develop and implement appropriate, cost-effective management controls for results-oriented management; (2) assess the adequacy of management controls in Federal programs and operations; (3) identify needed improvements; (4) take corresponding corrective action; and (5) report monthly, semi-annually, and annually on management controls.

Legal Compliance

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

Accountability

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

Fraud, Waste, and Abuse

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

GHURA will address program errors, omissions, fraud, or abuse through both prevention and detection. Preventive measures are the most effective way to deter widespread program irregularities. Errors, omissions, fraud, and abuse will occur, and GHURA will have preventive measures in place so that any irregularity can be quickly detected and resolved as efficiently, professionally, and as fairly as possible. Because preventive monitoring measures are the most effective way to deter widespread program irregularities, they will be an integral part of daily operations.

GHURA must ensure that GHURA operates legally and with integrity. The central principle underlying the public ethics codes is the Conflict of Interest, more specifically, the conflict between a public official's individual self-interest and the public interest. We, as public officials, are held to a higher standard than individuals in the private sector are. Public officials are repositories of the public trust and as such have a duty to faithfully and honestly represent the interests of the public.

COVID-19

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

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

The CARES Act also provided supplemental Public Housing Operating funding under Notice PIH-2020-07, as well as funding provisions for the Housing Choice Voucher Program Administrative Fees under Notice PIH-2020-08. The notices provide guidance on the disbursement of funds, reporting requirements, and a description on eligible and ineligible expenses. Funding availability is through December 31, 2020, unless HUD extends this period.

Financial Contact

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

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

Statement of Net Position
September 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents	$ 15,613,356
Receivables, net:	
HUD	684,633
Notes receivable - current	352,953
Tenants	167,426
Other government	9,774
Accrued interest receivable	2,378
Miscellaneous	435,963
Allowance for doubtful accounts	(229,858)
Prepayments and other current assets	106,250
Inventory	264,628
Total current assets	17,407,503
Noncurrent assets:	
Notes receivable, net of current portion	4,240,542
Capital assets:	
Depreciable assets, net of accumulated depreciation	15,415,496
Non-depreciable assets	4,405,378
Other real estate	2,636,152
Total noncurrent assets	26,697,568
Total assets	44,105,071
Deferred outflows of resources:	
Pension	2,615,848
OPEB	1,390,559
Total deferred outflows of resources	4,006,407
Total assets and deferred outflows of resources	$ 48,111,478
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current liabilities:	
Accounts payable and other deposits	$ 1,520,784
Due to HUD	14,264
Current portion of accrued compensated absences	72,124
Current portion of note payable	75,000
Accrued payroll and other liabilities	539,304
Unearned revenues	494,507
Security and escrow deposits	333,598
Other current liabilities	317,599
Total current liabilities	3,367,180
Accrued compensated absences, net of current portion	625,730
Note payable, net of current portion	821,243
Net pension liability	13,551,420
OPEB liability	11,630,596
Total liabilities	29,996,169
Deferred inflows of resources:	
Pension	381,591
OPEB	4,588,763
Total deferred inflows of resources	4,970,354
Commitments and contingencies	
Net position:	
Net investment in capital assets	21,560,783
Restricted	16,820,947
Unrestricted	(25,236,775)
Total net position	13,144,955
Total liabilities, deferred inflows of resources and net position	$ 48,111,478

See accompanying notes to financial statements.

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

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

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

See accompanying notes to financial statements.

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

Statement of Cash Flows
Year Ended September 30, 2019

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

See accompanying notes to financial statements.

(1) Reporting Entity

The Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam (GovGuam), was created on December 18, 1962 by Government Code, Vol. II, Title XIV, Chapter X, 13902. The primary purpose of GHURA is to provide safe, decent, sanitary, and affordable housing for low to moderate-income families and elderly families in the Territory of Guam, and to operate its housing programs in accordance with federal and local laws and regulations. GHURA's federal programs are administered through the U.S. Department of Housing and Urban Development (HUD) under the provisions of the U.S. Housing Act of 1937, as amended.

The administration and operation of GHURA is under the control of a six-member Board of Commissioners appointed by the Governor of Guam with the advice and consent of the Legislature with one of the seven members being a resident of the Public Housing program, elected by the residents and appointed by the Governor. GHURA has no component units required to be reported in accordance with GASB Statement No. 39*, Determining Whether Certain Organizations are Component Units*.

(2) Summary of Significant Accounting Policies

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

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

Organization and Program Descriptions

GHURA, formed to pursue an active community development program through urban renewal projects and to provide housing of low income, administers the following community programs:

Housing Assistance Payments Program:

HUD funds the Housing Choice Voucher Program. The principal purpose of the program is to enable lower income families to reside in existing privately owned housing. Assistance is calculated according to family needs and paid directly to the dwelling owner. As of September 30, 2019, GHURA was authorized by HUD to approve housing assistance payment contracts for up to 2,571 families dependent upon budget authority and available resources. Total contracted units under lease totaled 2,419 or 94% as of September 30, 2019. The project-based voucher program located at the Summer Town Estates in Lada, Dededo, consists of 112 units, which began in November 2015. As of September 30, 2019, Elderly Families occupied 107 units.

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Low Income Housing Program:

Under this program, GHURA rents its own units to low-income households. The Low Income Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidies to enable GHURA to provide the housing at a rent that is based on 30 percent of household income. GHURA entered into an ACC that allowed them to develop and operate a Low-Income Housing Program. Since that time, nine projects were developed: Guam 1-1 through 1-9. These completed projects provided 750 units. For the year ended September 30, 2019, 716 units (out of 723 available units, of which 27 units were under modernization) or 99.03% were occupied. These properties were modernized under HUD's Capital Funds Program.

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

Public Housing Capital Fund Program:

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

HOME Investment Partnership Program:

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

Supportive Housing Program:

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

Shelter Plus Care:

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

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Community Development Block Grants (CDBG):

These grants are used to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. All CDBG activities must meet one of the following national objectives: benefit low-income and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. Some of the activities that these funds can be used for include the acquisition of real property; rehabilitation of residential and nonresidential properties; provision of public facilities and improvements, such as water, sewer, streets, and community centers; clearance, demolition and removal of buildings and improvements; homeownership assistance; and assistance to for-profit businesses for economic development activities.

Supportive Housing for the Elderly:

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

Emergency Solutions Grant Program:

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

Resident Opportunity and Supportive Services:

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

Multifamily Housing Service Coordinator:

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

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

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

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Family Self-Sufficiency Program:

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

Neighborhood Stabilization Program – Recovery Act Fund:

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

Low-Income Housing Tax Credits (LIHTC) Program:

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

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

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

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

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

(2) Summary of Significant Accounting Policies, Continued

Organization and Program Descriptions, Continued

Local Funds:

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

Revolving and Trust Funds:

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

Other Funds:

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

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the financial statements. GHURA has elected to use proprietary fund types as its principle reporting. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The accounting objectives of its measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows of resources, liabilities deferred inflows or resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. GHURA accounts for those operations that are financed and operated in a manner similar to private business or where GHURA has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. All assets and liabilities that are associated with the operation of GHURA are included in the statement of net position. The principal operating revenues of GHURA are operating subsidies and administrative fees received from HUD and rental revenues received from residents.

Grants and similar items are recognized as revenue as soon as all eligible requirements have been met. Gains from sale of capital assets are included in non-operating revenues. Operating expenses of GHURA include the cost of operating housing units, cost of tenant services, protective services, general, administrative, maintenance, depreciation, and housing assistance payments.

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

(2) Summary of Significant Accounting Policies, Continued

Budgets

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

Net Position

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

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

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

Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GHURA pursuant to those stipulations or that expire with the passage of time. GHURA's restricted expendable net position pertains to HUD funds, except for pension and OPEB-related liabilities and deferrals, and excludes local and revolving funds.

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

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

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

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

Receivables from HUD

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

Accounts Receivables - Tenants

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

Notes Receivable

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

Prepayments

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

Inventories

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

Capital Assets and Depreciation

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

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

(2) Summary of Significant Accounting Policies, Continued

Capital Assets and Depreciation, Continued

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

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

Upon retirement or other disposition of capital assets recorded, the cost and related accumulated depreciation are removed from the respective program's or fund's accounts and any gain or loss is included in the respective program's or fund's current operations. GHURA also has other assets, which consist primarily of property inventory under the Local Funds programs. Additionally, capital assets include deferred charges, developmental costs, management improvements, and dwelling and non-dwelling costs from other various projects.

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

Other Real Estate

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

Deferred Outflows of Resources

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

(2) Summary of Significant Accounting Policies, Continued

Deferred Inflows of Resources

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

Pensions

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

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

Other Postemployment Benefits (OPEB)

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

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

(2) Summary of Significant Accounting Policies, Continued

Compensated Absences

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

Pursuant to Public Law 26-86, employees under the Defined Contribution Retirement System (DCRS) plan, upon their retirement, will be paid by its employer a lump sum payment of their unused sick leave up to fifty percent (50%). At September 30, 2019, $178,106 was accrued in the accompanying financial statements.

Unearned Revenues

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

HUD Subsidies and Contributions

Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues to GHURA. The terms of these subsidies are defined in various Consolidated Annual Contributions Contracts. HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are recorded as operating grant revenues. HUD contributions for project acquisition and development or modernization are recorded as capital contributions.

Tenant Rental Income

Revenue from rental charges to residents is recognized ratably over the terms of the lease agreements, which are generally on a month-to-month basis or 12-month period.

Other Income

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

(2) Summary of Significant Accounting Policies, Continued

Management Fees

In lieu of a Cost Allocation Plan, HUD requires Housing Authorities to charge each AMP property management and bookkeeping fees ($7.50 per eligible unit) and an asset management fee ($10.00 per AMP unit). Such fees are accounted for in GHURA's Central Office Cost Center (COCC), which is reported in the Other Enterprise Funds. HUD regulates the amount of management fees that can be paid from its programs. Additionally, the COCC earns fees from local programs it administers. GHURA paid management fees to COCC of $1,463,041 for the year ended September 30, 2019, which are eliminated on the statement of revenues, expenses and changes in net position for financial statement presentation.

Administrative and General Expenses

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

Income Taxes

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

Advertising and Marketing Expenses

GHURA incurred advertising and marketing costs totaling $66,448 for the year ended September 30, 2019. These costs primarily relate to construction bids and related procurement solicitation costs.

New Accounting Standards

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

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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

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

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

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

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

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

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

(3) Cash and Cash Equivalents

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

(3) Cash and Cash Equivalents, Continued

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

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

Supportive Housing for the Elderly	$ 391,474
Section 8 HCV	586,592
Public Housing	1,339,524
Revolving Fund	101,438
Local Funds	12,768
	$ 2,431,796

Supportive Housing for the Elderly

In accordance with the Farmers Home Administration loan covenants, GHURA is required to maintain a reserve account of $168,600 to be held as collateral for loan reserves. Of this amount, no less than 50%, or $84,300, shall be maintained in cash. The remaining 50% may be deposited or invested in time certificates of deposit, which must be insured by the FDIC. As of September 30, 2019, GHURA had $373,897 in a designated cash account for the Supportive Housing for the Elderly and $17,577 in a designated cash account tenant security deposits. Interest income earned is reinvested when related time certificates of deposit mature.

Section 8 HCV and Low Rent Housing

Escrow accounts have been established for Section 8 HCV and Low Rent Public Housing participants in the Family Self-Sufficiency program (FSS). A portion of rent paid by residents participating in this program is held from them until the participating family meets individually established self-sufficiency goals. The escrow amount is remitted to the head of household upon completion of their specific work plan or thirty percent (30%) of the family's monthly-adjusted income equals or exceeds the appropriate fair market rent. Escrows are nonrefundable if the family leaves the program. Interest is accrued on the account. GHURA holds FSS escrow amounts for participants in the program, which totaled $219,695 as of September 30, 2019.

As of September 30, 2019, the Section 8 HCV program also has designated cash of $366,897, which represents the remaining housing assistance payment (HAP) revenue that has accumulated since January 1, 2005. HUDPIH Notice 2006-03 required that excess (unused) HAP funding received in excess of related HAP expenses, from the above date be recognized as revenue, and that the accumulated revenue (HAP equity) be segregated as part of undesignated fund balance. Upon further clarification by HUD in PIH Notice 2008-09, which was issued on January 30, 2008, concerning the implementation of the aforementioned notice, the associated cash related to the aforementioned HAP equity under proprietary fund reporting should be reported as restricted. These funds are available only for certain eligible HAP expenses and not for program administrative purposes.

(3) Cash and Cash Equivalents, Continued

Section 8 HCV and Low Rent Housing, Continued

As of September 30, 2019, the Low Rent Housing program also has additional designated cash totaling $1,154,228, which consists primarily of a separate, HUD approved typhoon coverage self-insurance fund. Based on the terms of the self-insurance agreement with HUD, GHURA would need HUD's approval for any withdrawal and expenditure of these funds.

(4) Notes Receivable

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

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

	Down Payment and Closing Cost Assistance Program	HOME Rehabilitation Program	Renewal Homes Program	Total
Due in varying monthly installments, interest free, with maturities to 2027 including loans	$ 436,437	$ 41,680	$ -	$ 478,117
Due in varying monthly installments, 3% interest, with maturities to 2049 including loans	-	-	4,115,378	4,115,378
	436,437	41,680	4,115,378	4,593,495
Current portion	245,160	9,338	98,455	352,953
	$ 191,277	$ 32,342	$ 4,016,923	$ 4,240,542

Maturities of the principal balances subsequent to September 30, 2019 are as follows:

Year Ending September 30	
2020	$ 352,953
2021	156,067
2022	158,788
2023	156,963
2024	147,706
Thereafter	3,621,018
	$ 4,593,495

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

(5) Capital Assets

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

	Balance October 1 (as restated)	Additions	Deletions	Balance September 30
Depreciable assets:				
Structures	$ 93,007,015	$ 1,024,145	$ -	$ 94,031,160
Homes for transfer to persons	817,423	322,515	(433,809)	706,129
Furniture, fixtures and equipment	4,159,655	12,974	-	4,172,629
Leasehold improvement	295,588	-	-	295,588
	98,279,681	1,359,634	(433,809)	99,205,506
Less accumulated depreciation and amortization	(80,765,319)	(3,024,691)	-	(83,790,010)
	17,514,362	(1,665,057)	(433,809)	15,415,496
Non-depreciable assets:				
Land	3,675,882	-	-	3,675,882
Construction in progress	-	729,496	-	729,496
	3,675,882	729,496	-	4,405,378
Total capital assets, net	$ 21,190,244	$ (935,561)	$ (433,809)	$ 19,820,874

(6) Other Real Estate

GovGuam transferred five parcels of land to GHURA to construct 500 single-family homes under the GHURA 500 Low Cost Housing Project. Upon completion of the construction and GHURA's conversion from other comprehensive basis of accounting (HUD accounting) to GAAP, the estimated value per house based on the development cost incurred totaled $34,653. As of September 30, 2019, GHURA had seventy-four (74) lots in its inventory with an estimated value of $2,564,322. In addition, GHURA has five (5) lots in the GovGuam Astumbo Housing Project with estimated per lot value of $14,366 for a total estimated value of $71,830 as of September 30, 2019.

(7) Note Payable

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

Year Ending September 30	Principal	Interest	Total Debt Service
2020	$ 75,000	$ 51,480	$ 126,480
2021	79,000	47,480	126,480
2022	84,000	42,480	126,480
2023	89,000	37,480	126,480
2024	95,000	31,480	126,480
Thereafter	474,243	63,957	538,200
	$ 896,243	$ 274,357	$ 1,170,600

(7) Note Payable, Continued

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

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

(8) Other Noncurrent Liabilities

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

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Compensated absences	$ 434,288	$ 263,566	$ -	$ 697,854	$ 72,124
Net pension liability	12,312,864	1,238,556	-	13,551,420	-
OPEB liability	14,924,532	-	(3,293,936)	11,630,596	-
	$ 27,671,684	$ 1,502,122	$ (3,293,936)	$ 25,879,870	$ 72,124

(9) Commitments

Housing Assistance Payments:

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

Local Funds

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

Construction Work-in-Progress

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

	Contract Amount	Liquidations	Unliquidated Contract
Community Development Block Grant	$ 5,743,022	$ (1,029,677)	$ 4,713,345
Capital Fund Program	2,446,584	(1,676,309)	770,275
HOME Investment Partnership	747,221	(555,418)	191,803
Supportive Housing for the Elderly	240,300	(94,000)	146,300
Low Income Housing	659,301	(653,301)	6,000
	$ 9,836,428	$ (4,008,705)	$ 5,827,723

(10) Pensions

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

A. General Information About the Pension Plans:

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

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and the DCRS Plans who retire prior to September 30, 2018 are eligible to receive an annual ad hoc cost of living allowance (COLA).

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

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

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	5,188
	15,631
DCRS members:	
Active employees	5,921
	21,552

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.

(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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

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

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the GovGuam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017 through September 30, 2018, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

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

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ 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.

(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

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

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

GHURA's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were $887,110, $792,182 and $328,164, respectively, which were equal to the required contributions for the respective years then ended.

GHURA has recognized supplemental annuity benefit payments and the COLA payments as transfers from GovGuam for the years ended September 30, 2019, 2018 and 2017, totaling $185,570, $187,808 and $182,529, respectively, which were equal to the statutorily required contributions for the respective years then ended.

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

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

(10) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Statutory employer contributions for the DCRS plan for the year ended September 30, 2019 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS, which increased to 6.2% effective January 1, 2018. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

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

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

Defined benefit plan	$ 10,897,784
Ad hoc COLA/supplemental annuity plan for DB retirees	2,021,716
Ad hoc COLA plan for DCRS retirees	631,920
	$ 13,551,420

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

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

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

Defined benefit plan	$ 236,689
Ad hoc COLA/supplemental annuity plan for DB retirees	86,786
Ad hoc COLA plan for DCRS retirees	(197,129)
	$ 126,346

(10) Pensions, Continued

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

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

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		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	$ 30,755	$ -	$ 29,911	$ -	$ 90,791	$ 5,775
Net difference between projected and actual earnings on pension plan investments	-	195,363	-	-	-	-
Changes of assumptions	-	-	-	67,102	75,261	84,342
Contributions subsequent to the measurement date	1,181,730	-	159,570	-	26,000	-
Changes in proportion and difference between GHURA contributions and proportionate share of contributions	733,306	-	38,919	-	249,605	29,009
	$ 1,945,791	$ 195,363	$ 228,400	$ 67,102	$ 441,657	$ 119,126

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2019 will be recognized in pension expense as follows:

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

(10) Pensions, Continued

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

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

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry age
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.00% to 7.50%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

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

The investment rate assumption as of September 30, 2017 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(10) Pensions, Continued

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

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

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

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

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

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 was 7%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2018 was 4.18%, which is equal to the rate of return of a high quality bond index.

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

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 13,895,863	$ 10,897,784	$ 8,324,280

(10) Pensions, Continued

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

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 2,211,685	$ 2,021,716	$ 1,857,526

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 710,895	$ 631,920	$ 564,466

(11) Other Post-Employment Benefits (OPEB)

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

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Plan Membership: As of September 30, 2018, (the measurement period), OPEB plan membership consisted of the following as of September 2017 (the actuarial valuation date):

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

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

A. General Information About the OPEB Plan, Continued:

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

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

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

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

B. Total OPEB Liability:

During the year ended September 30, 2019, GHURA recognized certain on-behalf payments as transfers from GovGuam, totaling $228,999, representing certain healthcare benefits that GovGuam's General Fund paid directly on behalf of GHURA retirees and were equivalent to the required contribution for those years.

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

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

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

B. Total OPEB Liability, Continued:

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years. Previously, 7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Previously, 8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental- 100% of eligible retires will elect to participate. Life - 100% of eligible retirees will elect to participate. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.

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

B. Total OPEB Liability, Continued:

Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life – 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used. Previously, 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.
Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - .18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.523% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females.
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

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

B. Total OPEB Liability, Continued:

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

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

C. Changes in the Total OPEB Liability:

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

Balance at beginning of the year	$ 14,924,532
Changes for the year:	
Service cost	772,295
Interest	565,102
Change of assumptions	(1,104,386)
Change in proportionate share	(28,187)
Differences between expected and actual experience	(3,240,229)
Benefit payments	(258,531)
Net change	(3,293,936)
Balance at end of the year	$ 11,630,596

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 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Total OPEB Liability	$ 13,716,202	$ 11,630,596	$ 9,955,264

(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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 9,698,714	$ 11,630,596	$ 14,131,324

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 842,358	$ 1,930,263
Differences between expected and actual experience	-	2,658,500
Contributions subsequent to the measurement date	228,999	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	319,202	-
	$ 1,390,559	$ 4,588,763

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2019 will be recognized in OPEB expense as follows:

Year Ending September 30	
2020	$ (674,505)
2021	(674,505)
2022	(674,505)
2023	(969,898)
2024	(433,790)
	$ (3,427,203)

(12) Risk Management

GHURA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; operation liability, errors and omissions, employee injuries and illnesses; employee health, dental and accident benefits and natural disasters. GHURA maintains commercial insurance to provide for claims arising from most of these risks except for typhoon insurance.

Beginning in fiscal year 2005, GHURA decided to stop carrying commercial insurance for typhoon coverage because it was cost-prohibitive. A typhoon insurance coverage waiver was granted by HUD provided that GHURA establish and maintain a separate typhoon coverage escrow account in which it will deposit $200,000 annually until the account balance reaches a minimum of balance of $1 million. HUD must approve each draw against the typhoon coverage escrow account. When funds are used to pay typhoon claims, GHURA must replenish the escrow account on an annual basis to maintain the $1 million minimum balance. As of September 30, 2019, GHURA had deposited $1,031,578 into the typhoon coverage escrow account.

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

(13) Contingencies

Federal Award Programs and HUD

GHURA participates in a number of federal award programs for specific purposes that are subject to review and audit by grantor agencies, namely the U.S. Department of Housing and Urban Development (HUD). Cumulative questioned costs of $7,102 exist from these audits as of September 30, 2019. The questioned costs will be resolved by the applicable grantor agency and due to GHURA's inability to predict the ultimate outcome of this matter, no provision for any liability, if any that may result from this matter has been made in the accompanying financial statements. Such questioned costs could lead to requests for reimbursements from the grantor agency for expenditures disallowed under the terms of the applicable grant.

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

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

(13) Contingencies, Continued

Litigation

GHURA is subject to various claims, unlawful detainer complaints and other legal actions in the normal course of business. GHURA consults their legal counsel whenever there is a potential or asserted claim and relies on the advice of counsel for direction and for establishing reserves for potential unfavorable outcomes.

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

(14) Economic Dependency

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

(15) Subsequent Events

COVID-19

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

As of report date, GHURA received direct Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) funds through the HUD's Office of Community Planning and Development in two separate allocations of $2,678,702 and $3,519,238 for CDBG and ESG, respectively. Funds are intended to prevent, prepare, and respond to the community's needs as a result of the pandemic. GHURA also received $508,288 for its Section 8 HCV program and is authorized to disburse $745,204 for its Public Housing programs.

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

(16) Restatement

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

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

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

Defined Benefit Plan

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

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

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

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

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

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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

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

Ad Hoc COLA Plan for DCRS Retirees

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

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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

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

	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 1,181,730	$ 1,040,659	$ 1,168,865	$ 1,134,630	$ 1,134,630	$ 1,134,630
Contribution in relation to the statutorily determined contribution	1,255,496	1,044,757	1,026,636	1,100,398	1,052,968	1,116,118
Contribution (excess) deficiency	$ (73,766)	$ (4,098)	$ 142,229	$ 34,232	$ 81,662	$ 18,512
GHURA's covered-employee payroll **	$ 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	26.44%	24.65%	24.57%	26.30%	23.90%	26.29%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

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

	2019	2018	2017	2016
Total OPEB liability**:				
Service cost	$ 772,295	$ 865,827	$ 698,974	Not Available
Interest	565,102	491,053	495,051	Not Available
Change of assumptions	(1,104,386)	(1,532,055)	1,598,939	Not Available
Change in proportionate share	(28,187)	30,317	-	Not Available
Differences between expected and actual experience	(3,240,229)	-	-	Not Available
Benefit payments	(258,531)	(245,526)	(245,526)	Not Available
Net change in total OPEB liability	(3,293,936)	(390,384)	2,547,438	
Toal OPEB liability - beginning	14,924,532	15,314,916	$ 12,767,478	Not Available
Total OPEB liability - ending	$ 11,630,596	$ 14,924,532	$ 15,314,916	$ 12,767,478
Covered payroll as of valuation date	$ 5,008,944	$ 3,794,652	$ 3,794,652	
Total OPEB liability as a percentage of covered employee payroll	232.20%	393.30%	403.59%	
Notes to schedule:				
Discount rate	4.18%	3.63%	3.058%	3.71%

Changes of benefit terms:
None

Changes of assumptions:
Discount rate has changed from respective measurement dates

* Information for 2010 - 2015 is not available
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

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

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

	2019	2018	2017
Total OPEB liability **	$ 1,874,970,335	$ 2,431,048,672	$ 2,532,753,040
GHURA's proportion of the total OPEB Liability	$ 11,630,596	$ 14,924,532	$ 15,314,916
GHURA's proportion of the total OPEB Liability	7.16%	7.32%	7.25%
GHURA's covered-employee payroll	5,008,944	3,794,652	3,794,652
GHURA's proportionate share of the total OPEB Liability as a percentage of its covered employee payroll	232.20%	393.30%	403.59%

* Information for 2010 - 2016 is not available
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

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

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

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

Notes to Schedule

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

Method and assumptions used to determine contributions rates:

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

* Information for 2010 - 2016 is not available

See Accompanying Independent Auditors' Report.

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

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

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

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position
September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

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

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Major Enterprise Funds
September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Major Enterprise Funds
Year Ended September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Non-Major Enterprise Funds
September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Non-Major Enterprise Funds
Year Ended September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Net Position - Other Enterprise Funds
September 30, 2019

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

See Accompanying Independent Auditors' Report.

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

Combining Statements of Revenues, Expenses and Changes in Net Position - Other Enterprise Funds
Year Ended September 30, 2019

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

See Accompanying Independent Auditors' Report.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2019

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

SINGLE AUDIT REPORTS
Year Ended September 30, 2019

CONTENTS

		PAGE
Part I.	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	1
Part II.	Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Part III.	Schedule of Expenditures of Federal Awards	6
	Notes to Schedule of Expenditures of Federal Awards	7
Part IV.	Schedule of Findings and Questioned Costs	9
Part V.	Corrective Action Plan	19
Part VI.	Summary Schedule of Prior Audit Findings	20

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

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

Board of Commissioners
Guam Housing and Urban Renewal Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Guam Housing and Urban Renewal Authority (GHURA), which comprise the statement of net position as of September 30, 2019, and the related statements of revenues and expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-005 that we consider to be significant deficiencies.

Deloitte.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHURA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

GHURA's Response to Findings

GHURA's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. GHURA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Deloitte & Touche LLP

August 7, 2020

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Guam Housing and Urban Renewal Authority:

Report on Compliance for Each Major Federal Program

We have audited the Guam Housing and Urban Renewal Authority's (GHURA's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GHURA's major federal programs for the year ended September 30, 2019. GHURA's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GHURA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GHURA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of GHURA's compliance.

Basis for Qualified Opinion on CFDA 14.267 Continuum of Care Program and CFDA 14.872 Public Housing Capital Fund

As described in items 2019-003 and 2019-006 in the accompanying Schedule of Findings and Questioned Costs, GHURA did not comply with requirements regarding the following:

Item #	*CFDA #*	*Program Name*	*Compliance Requirement*
2019-003	14.267	Continuum of Care	Special Tests and Provisions
2019-006	14.872	Public Housing Capital Fund	Procurement and Suspension and Debarment

Compliance with such requirements is necessary, in our opinion, for GHURA to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.267 Continuum of Care Program and CFDA 14.872 Public Housing Capital Fund

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.267 Continuum of Care Program and CFDA 14.872 Public Housing Capital Fund for the year ended September 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GHURA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002, 2019-004 and 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

GHURA's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Deloitte.

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2019-003 and 2019-006 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002, 2019-004 and 2019-005 to be significant deficiencies.

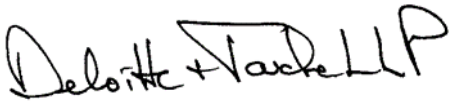
GHURA's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GHURA's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. GHURA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of GHURA as of and for the year ended September 30, 2019, and have issued our report thereon dated August 7, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



August 7, 2020

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Programs:			
Supportive Housing for the Elderly	14.157		$ 779,210
Multifamily Housing Service Coordinators	14.191		84,419
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Special Purpose Grants/Insular Area	14.225	$ 412,772	3,573,273
CDBG - Entitlement Grants Cluster Total			3,573,273
Emergency Solutions Grant Program	14.231	356,544	393,503
Home Investment Partnerships Program	14.239	19,576	5,448,477
Continuum of Care Program	14.267	573,394	897,383
Public and Indian Housing	14.850		5,884,386
Resident Opportunity and Supportive Services - Service Coordinators	14.870		37,076
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871		30,921,419
Housing Voucher Cluster Total			30,921,419
Public Housing Capital Fund	14.872		3,377,156
Family Self-Sufficiency Program	14.896		133,262
Total U.S. Department of Housing and Urban Development		$ 1,362,286	$ 51,529,564
Total Expenditures of Federal Awards		$ 1,362,286	$ 51,529,564

See accompanying notes to Schedule of Expenditures of Federal Awards.

Reconciliation of total operating expenses to total expenditures of Federal awards:	
Total Operating expenses	$ 46,080,120
Plus HOME loans receivable, beginning balance	4,416,905
Plus Management fees	1,097,288
Plus Asset management fees	90,000
Plus Bookkeeping fees	275,753
Less Pension expense included in employee benefits	(126,346)
Less Retiree healthcare costs and other pension benefits	(414,341)
Variance	110,185
Expenditures of Federal awards per above	$ 51,529,564

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

1. Scope of Audit

   The Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam, was formed primarily to provide safe, decent, sanitary, and affordable housing for low- to moderate-income families and elderly families in the Territory of Guam. Only the operations of GHURA are included within the scope of the Single Audit. The U.S. Department of Housing and Urban Development is the oversight agency for GHURA's Single Audit.

2. Basis of Presentation

   The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GHURA under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*)*. Because the Schedule presents only a selected portion of the operations of GHURA, it is not intended to and does not present the financial position, changes in net position or cash flows of GHURA.

3. Summary of Significant Accounting Policies

   a. Basis of Accounting

      For purposes of this Schedule, certain accounting procedures were followed, which help illustrate the expenditures of the individual programs. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Disbursements made to subrecipients related to the grant agreements are reported as expenditures.

   b. Subgrants

      Certain program funds are passed through GHURA to subrecipient organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipients outside of GHURA's control utilized the funds.

   c. Funds Received

      GHURA received all the funds indicated on this Schedule in a direct capacity in fiscal year 2019. GHURA also administers all the funds and is responsible for compliance with the laws and regulations.

   d. Indirect Costs

      GHURA does not have an indirect cost negotiation agreement and does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance in accordance with 2 CFR §200.414.

4. Loan Funds

GHURA, on behalf of the Government of Guam, has been designated the responsibility of implementing and carrying out the objectives of the HOME Program. The program is designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans. HOME loan applicants that have been determined to be eligible for financial assistance are required to comply with the terms and requirements. Balances and transactions relating to the HOME program are included in GHURA's financial statements. Loans made during the year and the balances of loans from previous years for which the federal government imposes continuing compliance requirements are included in the federal expenditures presented in the Schedule. As of September 30, 2019, the HOME Program expenditures include $1,031,572 in current year disbursements and $4,416,905 in outstanding HOME loans from previous years with continuing compliance requirements. The balance of HOME Investment Partnerships grant loans outstanding and recorded by GHURA at September 30, 2019 is $4,593,495.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

1.	Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
	Internal control over financial reporting:	
2.	Material weakness(es) identified?	No
3.	Significant deficiency(ies) identified?	Yes
4.	Noncompliance material to financial statements noted?	No

Federal Awards

	Internal control over major federal programs:	
5.	Material weakness(es) identified?	Yes
6.	Significant deficiency(ies) identified?	Yes
7.	Type of auditors' report issued on compliance for major federal programs:	
	CFDA 14.267	Qualified
	CFDA 14.872	Qualified
	All other major programs	Unmodified
8.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
9.	Identification of major federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
14.267	Continuum of Care Program
14.850	Public and Indian Housing
	Housing Voucher Cluster:
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers
14.872	Public Housing Capital Fund

10.	Dollar threshold used to distinguish between Type A and Type B Programs:	$1,545,887
11.	Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Reference Number	Findings
2019-001	General Ledger and Schedule of Expenditures of Federal Awards
2019-005	Reporting

Section III - Federal Award Findings and Questioned Costs

Reference Number	CFDA Number	Findings	Questioned Costs
2019-002	14.239	Program Income	$ -
2019-003	14.267	Special Tests and Provisions-Reasonable Rental Rates	5,914
2019-004	14.850	Eligibility	1,188
2019-005	14.871/14.879	Reporting	-
2019-006	14.872	Procurement and Suspension and Debarment	-
		Total Federal Questioned Costs	$ 7,102

Finding No.: 2019-001
Area: General Ledger Reconciliations, Schedule of Expenditures of Federal Awards and Timely Issuance of External Financial Statements

Criteria:

General ledger balances and the Schedule of Expenditures of Federal Awards should be periodically reconciled and a detailed fixed asset register should be maintained and be periodically reconciled to a physical inventory of those assets. Timely reconciliations will facilitate timely external financial reporting. Sufficient accounting personnel should be on hand to allow these tasks to be completed. If this matter is not adequately addressed, the Government of Guam audit report can be adversely impacted.

Condition #1:

An updated Schedule of Expenditures of Federal Awards was provided on August 6, 2020. Approximately $100,000 of expenditures remains unreconciled between the general ledger and the SEFA.

Condition # 2:

Reconciled fixed asset registers were not provided for audit until July 20, 2020. Such registers do not contain clear asset descriptions and tag numbers and are not reconciled to the physical inventory performed on a periodic basis. Furthermore, our audit procedures noted four residential properties that were acquired by GHURA, which were not capitalized in the general ledger. An audit adjustment was proposed for $706K to recognize capital assets resulting in a restatement of beginning net position. Finally, certain fixed assets were capitalized that did not conform to GHURA's capitalization policy.

Condition # 3:

Deferred revenue was overstated by $4.5M. An audit adjustment was proposed to correct this misstatement resulting in a restatement of beginning net position. Furthermore, we noted certain asset and liability accounts amounting to $539K and $941K, respectively, that represented long outstanding accounts with little or no activity and for which no reconciliations were provided. As these amounts were not considered material, audit adjustments were proposed but included in the uncorrected misstatements.

Timely external financial reporting is adversely impacted by these matters and it appears that a root cause may relate to inadequate numbers of accounting personnel. This matter also causes delays in issuing the Government of Guam's audit report.

Cause:

The cause of the above conditions appears to primarily relate to the absence of sufficient numbers of accounting personnel to meet timely preparation and issuance of external financial statements and external audits.

Effect:

On an interim basis, the SEFA and other general ledger balances may be materially misstated and a fixed asset register has not been reconciled. These conditions impact the ability to facilitate timely and accurate interim and external financial reporting. In turn, the lack of timely completion of external audited financial statements adversely impacts the completion and issuance of the Government of Guam reporting entity financial statements. Failure to include the GHURA financial statements as a component unit may potentially result in an adverse opinion on the Government of Guam reporting entity financial statements. This in turn impacts the ability of the Government of Guam to timely report to its stakeholders, including bondholders and to the federal government.

Finding No.: 2019-001, Continued
Area: General Ledger Reconciliations, Schedule of Expenditures of Federal Awards and Timely Issuance of External Financial Statements

Recommendation:

GHURA should document whether a sufficient number of accounting personnel currently exists to meet internal and external reporting requirements. We recommend consultation with HUD officials relative to accounting staffing patterns in other potentially similar authorities. External audits should commence no later than immediately following the July 31 closing to allow for timely resolution of compliance and accounting issues and adherence to external financial reporting deadlines. A fixed asset register should be prepared and be periodically reconciled against physical inventory results. All other significant general ledger accounts should be timely reconciled and prepared prior to the commencement of the audit process.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details to address the finding and recommendation.

Finding No.: 2019-002
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.239 HOME Investment Partnership Program
Federal Award No.: M18ST660202
Area: Program Income
Questioned Costs: $0

Criteria:

In accordance with applicable program income requirements, the participating jurisdiction must report all program income in HUD's computerized disbursement and information system (IDIS).

Condition:

Program income reported in the IDIS PR01 - HUD Grants and Program Income report differs from GHURA's schedule of program income, as follows:

	FY 2019 Program Income
Schedule of Program Income	$ 274,353
IDIS PR01 report	37,285
Underreported program income	$ 237,068

Cause:

GHURA did not enforce compliance with applicable program income requirements.

Effect:

GHURA is in noncompliance with applicable program income requirements. No questioned cost is presented as the program income cash is deposited in GHURA's designated HOME Program Income bank account as of September 30, 2019.

Recommendation:

Responsible personnel should periodically monitor program income receipts for complete and accurate reporting in IDIS in accordance with applicable program income requirements.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details to address the finding and recommendation.

Finding No.: 2019-003
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.267 Continuum of Care
Federal Award No.: GU0011L9C001607, GU0011L9C001708
Area: Special Tests and Provisions - Reasonable Rental Rates
Questioned Costs: $5,914

Criteria:

In accordance with applicable special tests and provisions requirements, where grants are used to pay for rent for all or a part of a structure, the rent paid must be reasonable in relation to rents being charged in the area for comparable space. In addition, the rent may not exceed rents currently being charged by the same owner for comparable unassisted space. (24 CFR section 578.49(b)(1)). Where grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units taking into account relevant features. In addition, the rents may not exceed rents currently being charged by the same owner for comparable unassisted units, and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents. (24 CFR sections 578.49(b)(2) and 578.51(g).

Condition:

For four (or 80%) of five tenants tested, aggregating $4,000 of $384,177 in rental and leasing costs, no documents were provided to substantiate compliance with applicable requirements for reasonable rental rates.

Tenant	Monthly Rent	Potential Excess Rent	Months in 2019	Questioned Cost
RM	$800	$200	2	$ 400
JT	$800	$211	12	2,532
NP	$800	$211	12	2,532
AR	$800	$ 75	6	450
				$ 5,914

Cause:

GHURA did not establish and implement internal controls over compliance with applicable special tests and provisions for reasonable rental rates.

Effect:

GHURA is in noncompliance with applicable special tests and provisions for reasonable rental rates. The total questioned cost is $5,914.

Recommendation:

Responsible personnel should establish and implement internal controls over compliance with applicable special tests and provisions for reasonable rental rates.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details to address the finding and recommendation.

Finding No.: 2019-004
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.850 Public and Indian Housing
Federal Award No.: GQ001000003
Area: Eligibility
Questioned Costs: $1,188

Criteria:

In accordance with applicable eligibility requirements, the Public Housing Agency (PHA) must do the following:

(1) As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, including Declaration of Section 214 Status form and proof of community service of eight hours each month.

(2) For both family income examinations and reexaminations, obtain and document third-party verification of income, including HUD's Enterprise Income Verification (EIV) system in its entirety.

Additionally, the required documentation should be complete and accurate at the time of admission or recertification.

Condition:

Of 60 case files tested, we noted deficiencies, as follows:

1. For one (or 2%), the head of household did not sign the Declaration of Section 214 Status form. No questioned cost is presented because alternative documentation demonstrates the household qualifies on the basis of citizenship.

Project	Unit #	Monthly Rent	Months in FY19	Total FY 2019 Tenant Payments
AMP3	127AND	$546	12	$6,552

2. For three (or 5%), no EIV report was on file. No questioned cost is presented because GHURA subsequently provided the EIV reports on July 14, 2020, and such reports were consistent with compliant income eligibility calculations.

Project	Unit #	Monthly Rent	Months in FY19	Total FY 2019 Tenant Payments
AMP3	54KAL	$428	3	$1,284
AMP3	206JQQ	$566	3	1,698
AMP3	20MAO	$226	9	2,034
				$5,016

3. For one (or 2%), no Community Service timesheet was on file. Furthermore, no documentation was on file to support an exemption from the community service requirement.

Project	Unit #	Monthly Rent	Months in FY19	Total FY 2019 Tenant Payments and Questioned Costs
AMP3	23MAO	$396	3	$1,188

Finding No.:	2019-004, Continued
Federal Agency:	U.S. Department of Housing and Urban Development
CFDA Program:	14.850 Public and Indian Housing
Federal Award No.:	GQ001000003
Area:	Eligibility
Questioned Costs:	$1,188

Cause:

GHURA did not effectively perform quality control reviews over compliance with applicable eligibility requirements.

Effect:

GHURA is in noncompliance with applicable eligibility requirements. The projected questioned cost exceeds the threshold, and the total known questioned cost is $1,188.

Identification as a Repeat Finding: 2018-05 and 2018-09

Recommendation:

Responsible personnel should conduct quality control reviews on tenant files so that all required documentation is complete and accurate at the time of admission or recertification in accordance with applicable eligibility requirements.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details of corrective actions taken.

Finding No.: 2019-005
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.871/14.879 Housing Voucher Cluster
Area: Reporting
Questioned Costs: $0

Criteria:

The following reporting requirements are applicable:

1. PHA's must submit accurate *Financial Reports (OMB No. 2535-0107)*, namely accurate FDS equity line items. FDS Line 11180 – (Housing Assistance Payments Equity) represents the HAP equity for the HCVP only. Amounts reported in this line should not be comingled with other voucher-related activities.

2. Each recipient must submit *HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons*.

Condition:

1. We identified inaccuracies in the reporting of FDS Line 11170 – (Administrative Fee Equity) and FDS Line 11180 – (Housing Assistance Payments Equity), as follows:

FDS Line	Amount Reported	Amount Tested	Variance
11170	$(4,948,838)	$(4,788,333)	$(160,505)
11180	$ 366,897	$ 127,727	239,170
			$ 78,665

   GHURA comingled Mainstream Vouchers of $78,665 in FDS Line 11180.

2. GHURA did not submit the required HUD 60002 report.

Cause:

GHURA did not enforce compliance with applicable reporting requirements.

Effect:

GHURA is in noncompliance with applicable reporting requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

Responsible personnel should enforce compliance with applicable reporting requirements.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details to address the finding and recommendation.

Finding No.: 2019-006
Federal Agency: U.S. Department of Housing and Urban Development
CFDA Program: 14.872 Public Housing Capital Fund
Federal Award No.: GQ08P001501-17
Area: Procurement and Suspension and Debarment
Questioned Costs: $0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, a state must follow the same policies and procedures it uses for procurements from its non-federal funds. Therefore, sealed bidding shall be used for all contracts that exceed the small purchase threshold of $50,000 for construction. GHURA shall not break down requirements aggregating more than $50,000 into several purchases that are less than the threshold merely to (1) permit use of the small purchase procedures or (2) avoid any requirements that apply to construction that exceeds $50,000 to the greatest extent feasible.

Condition:

For one (or 7%) of 15 transactions tested, aggregating $746,880 of $1,877,176 in total non-payroll Program expenditures with contractors, the small purchase procurement method was used to procure a construction contract in excess of $50,000, as follows:

Project	Document ID	Date	Vendor No.	Amount Tested	Contract Amount
AMP3	2019-11-501	11/14/2018	VN00092615	$ 53,000	$ 53,000

Cause:

GHURA did not enforce compliance with applicable procurement requirements. It appears GHURA used the construction cost per unit, instead of the overall construction contract cost, as the basis for applying small purchase procedures.

Effect:

GHURA is in noncompliance with applicable procurement requirements. No questioned cost is presented as the applicable small purchase threshold for the Government of Guam as a whole is $100,000.

Recommendation:

Responsible personnel should revisit GHURA's existing written procurement policy and the Government of Guam's procurement regulations and should adopt applicable thresholds accordingly. Responsible procurement personnel should enforce compliance with GHURA's written procurement policy.

Views of Responsible Officials:

GHURA's Corrective Action Plan provides details to address the finding and recommendation.

GHURA
Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudat Guahan
117 Bien Venida Avenue, Sinajana, GU 96910
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701
Website: www.ghura.org

EQUAL HOUSING OPPORTUNITY

Lourdes A. Leon Guerrero
Governor of Guam

Joshua F. Tenorio
Lt. Governor of Guam

Sabino P. Flores
Chairman

Monica O. Guzman
Vice Chairwoman

Anisia S. Delia
Commissioner

Frank T. Ishizaki
Commissioner

George F. Pereda
Commissioner

Joseph M. Leon Guerrero
Resident Commissioner

Ray S. Topasna
Executive Director

Elizabeth F. Napoli
Deputy Director

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs, Continued
September 30, 2019

Finding No.: 2019-001
Area: General Ledger Reconciliations, Schedule of Expenditures of Federal Awards and Timely Issuance of External Financial Statements

Condition:

An updated Schedule of Expenditures of Federal Awards was provided on August 6, 2020. Approximately $100,000 of expenditures remains unreconciled between the general ledger and the SEFA. Complete fixed asset registers were provided on July 20, 2020. Such registers do not contain clear asset descriptions and tag numbers and are not reconciled to the physical inventory performed on a periodic basis. Timely external financial reporting is adversely impacted by these matters and it appears that a root cause may relate to inadequate numbers of accounting personnel. This matter also causes delays in issuing the Government of Guam's audit report.

Corrective Action Stated and Taken:

Additional accounting personnel resources will be put in place in the immediate future to address accounting reconciliations, as well as SEFA preparation, with the ultimate goal of interim reconciliations, to ensure the completeness and accuracy of the SEFA.

Responsible Party:

Controller

Anticipated Date of Completion:

On-going.

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs
September 30, 2019

Finding No.:	2019-002
Federal Agency:	U.S. Department of Housing and Urban Renewal
CFDA Program:	14.239 HOME Investment Partnership Program
Federal Award No.:	M18ST660202
Area:	Program Income
Questioned Costs :	$0

Condition:

Program income reported in the IDIS PR01 – HUD Grants and Program Income report differs from GHURA's schedule of program income, as follows:

	FY 2019 Program Income
Schedule of Program Income	$274,353
IDIS PR01 report	37,285
Underreported program income	$237,068

Corrective Action Stated and Taken:

GHURA will assess its current processes and revise its procedures to ensure a more routine and timely receipting of HOME program income into HUD's Integrated Disbursement and Information System (IDIS). Program income on-hand will be receipted into IDIS immediately. GHURA will seek technical assistance from HUD to improve its planning for the use of program income.

Responsible Party:

Chief Planner

Anticipated Date of Completion:

September 30, 2020

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs, Continued
September 30, 2019

Finding No.:	2019-003
Federal Agency:	U.S. Department of Housing and Urban Renewal
CFDA Program:	14.267 Continuum of Care
Federal Award No.:	GU0011L9C001607, GU0011L9C001708
Area:	Special Tests and Provisions – Reasonable Rental Rates
Questioned Costs:	$5,914

Condition:

For four (or 80%) of five tenants tested, aggregating $4,000 of $384,177 in rental and leasing costs, no documents were provided to substantiate compliance with applicable requirements for reasonable rental rates.

Tenant	Monthly Rent	Potential Excess Rent	Months in 2019	Questioned Cost
RM	$800	$200	2	$ 400
JT	$800	$211	12	2,532
NP	$800	$211	12	2,532
AR	$800	$ 75	6	450
				$ 5,914

Corrective Action Stated and Taken:

The Authority will seek HUD technical assistance to ensure compliance efforts are acceptable. Internal controls guiding staff actions to comply with the rent reasonableness requirement will be reviewed for accuracy and completeness. Where applicable, internal controls will be updated to ensure they are in line with current program rules and regulations.

Responsible Party:

Chief Planner

Anticipated Date of Completion:

November 30, 2020

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs, Continued
September 30, 2019

Finding No.:	2019-004
Federal Agency:	U.S. Department of Housing and Urban Renewal
CFDA Program:	14.850 Public and Indian Housing
Federal Award No.:	GQ001000003
Area:	Eligibility
Questioned Costs:	$1,188

Condition:

Of 60 case files tested, we noted deficiencies, as follows:

1. For one (or 2%), the head of household did not sign the Declaration of Section 214 Status form. No questioned cost is presented because alternative documentation demonstrates the household qualifies on the basis of citizenship.

Project	Unit #	Monthly Rent	Months in FY 2019	Total FY 2019 Tenant Payments
AMP 3	127AND	$546	12	$6,552

2. For three (or 5%), no EIV report was on file. No questioned cost is presented because GHURA subsequently provided the EIV reports on July 14, 2020, and such reports were consistent with compliant income eligibility calculations.

Project	Unit #	Monthly Rent	Months in FY 2019	Total FY 2019 Tenant Payments
AMP 3	54KAL	$428	3	$1,284
AMP 3	206JQQ	$566	3	1,698
AMP 3	20MAO	$226	9	1,284
				$5,016

3. For one (2%). No Community Service timesheet was on file. Furthermore, no documentation was on file to support an exemption from the community service requirement.

Project	Unit #	Monthly Rent	Months in FY 2019	Total FY 2019 Tenant Payments and Questioned Costs 2019
AMP 3	23MAO	$396	3	$1,188

Corrective Action Stated and Taken:

1. Unit 127AND – Declaration of Section 214 Status signed by adult household member (U.S. Citizen). Tabbed in Flap 1.

2. Three EIV reports – 54KAL/206JQQ/20MAO (New Admissions) – EIV reports printed. Tabbed in Flap 3.

3. Unit 23MAO – Community Service time incomplete. Community Service work out agreement signed by adult Household Member and in Flap 4.

Responsible Party:

Property Site Manager

Anticipated Date of Completion:

September 30, 2020

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs, Continued
September 30, 2019

Finding No.: 2019-005
Federal Agency: U.S. Department of Housing and Urban Renewal
CFDA Program: 14.871/14.879 Housing Voucher Cluster
Area: Reporting
Questioned Costs: $0

Condition:

1. We identified inaccuracies in the reporting of FDS Line 11170 – (Administrative Fee Equity) and FDS Line 11180 – (Housing Assistance Payments Equity), as follows:

FDS Line	Amount Reported	Amount Tested	Variance
11170	$(4,948,838)	$(4,788,333)	$(160,505)
11180	$ 366,897	$ 127,727	239,170
			$ 78,665

   GHURA comingled Mainstream Vouchers of $78,665 in FDS Line 11180.

2. GHURA did not submit the required HUD 60002 report.

Corrective Action Stated and Taken:

1. Reclass will be done prior to submitting the audited Financial Data Schedule.
2. A HUD Form 60002 report will be prepared and submitted accordingly.

Responsible Party:

1. Controller
2. Architectural & Engineering Manager

Anticipated Date of Completion:

September 30, 2020

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Plan of Corrective Action
Federal Award Findings and Questioned Costs, Continued
September 30, 2019

Finding No.:	2019-006
Federal Agency:	U.S. Department of Housing and Urban Renewal
CFDA Program:	14.872 Public Housing Capital Fund
Federal Award No.:	GQ8P001501-17
Area:	Procurement and Suspension and Debarment
Questioned Costs :	$0

Condition:

For one (or 7%) of 15 transactions tested, aggregating $746,880 of $1,877,176 in total non-payroll Program expenditures with contractors, the small purchase procurement method was used to procure a construction contract in excess of $50,000, as follows:

Project	Document ID	Date	Vendor No.	Amount Tested	Contract Amount
AMP 3	2019-11-501	11/14/2018	VN00092615	$53,000	$53,000

Corrective Action Stated and Taken:

GHURA will align its Procurement Policy with federal and local laws and regulations governing small purchase procurement to correctly reflect the Authority's intent to comply with the existing maximum limits for such purchases and all purchases. Policy amendments will be proposed for adoption by the GHURA Board of Commissioners to increase the small purchase limit to the legal limit of $100,000. GHURA procurement management will adhere to the Authority's approved policy moving forward.

Responsible Party:

Buyer Supervisor II

Anticipated Date of Completion:

September 25, 2020

GHURA
Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudat Guahan
117 Bien Venida Avenue, Sinajana, GU 96910
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701
Website: www.ghura.org

EQUAL HOUSING OPPORTUNITY

Lourdes A. Leon Guerrero
Governor of Guam

Joshua F. Tenorio
Lt. Governor of Guam

Sabino P. Flores
Chairman

Monica O. Guzman
Vice Chairwoman

Anisia S. Delia
Commissioner

Frank T. Ishizaki
Commissioner

George F. Pereda
Commissioner

Joseph M. Leon Guerrero
Resident Commissioner

Ray S. Topasna
Executive Director

Elizabeth F. Napoli
Deputy Director

GUAM HOUSING AND URBAN RENEWAL AUTHORITY

Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2019

Audit Finding #	
2018-12	Corrective action has been taken.
2018-11	Corrective action has been taken.
2018-10	Corrective action has been taken.
2018-09	Corrective action has been taken.
2018-08	Corrective action has been taken.
2018-07	Corrective action has been taken.
2018-06	Corrective action has been taken.
2018-05	Corrective action has been taken.
2018-04	Corrective action has been taken
2018-03	Corrective action has been taken.
2018-02	Corrective action has been taken.
2018-01	Corrective action has been taken.
2017-12	Corrective action has been taken.
2017-11	Corrective action has been taken.
2017-10	Corrective action has been taken.
2017-09	Corrective action has been taken.
2017-07	Corrective action has been taken.
2017-06	Corrective action has been taken.
2017-05	Corrective action has been taken.
2017-04	Corrective action has been taken.
2017-03	Corrective action has been taken.
2017-02	Corrective action has been taken.
2017-01	This finding is unresolved. The Capital Fund Grant reconciliations are ongoing. GHURA Fiscal Staff is looking at completing the reconciliations within a year.
2016-13	Corrective action has been taken.
2016-09	Corrective action has been taken.
2012-11	Questioned costs of $97,751. Per 2CFR§200.511(b)(3), this finding does not warrant further action.

GHURA does not discriminate against persons with disabilities.
The Chief Planner has been designated as Section 504 Coordinator.
The Coordinator can be contacted at the above address and telephone numbers.

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

August 7, 2020

Mr. Ray Topasna
Executive Director
Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, GU 96910

Dear Mr. Topasna:

In planning and performing our audit of the financial statements of the Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2019 (on which we have issued our report dated August 7, 2020), 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, we considered GHURA's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GHURA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, in connection with our audit, we identified, and included in the attached Appendix I, deficiencies related to GHURA's internal control over financial reporting and other matter as of September 30, 2019 that we wish to bring to your attention.

We have also issued a separate report to the Board of Commissioners, also dated August 7, 2020, on our consideration of GHURA's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulation*s Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It also includes 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 definition of a deficiency is also set forth in Section III of the attached Appendix I.

A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

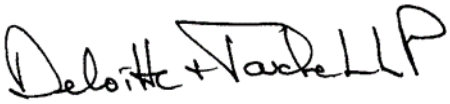
This report is intended solely for the information and use of the Board of Commissioners, management, the Office of Public Accountability of Guam and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte.

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

We wish to thank the staff and management of GHURA for their cooperation and assistance during the course of this engagement.

Very truly yours,



SECTION I - DEFICIENCIES

We identified the following deficiencies involving GHURA's internal control over financial reporting as of September 30, 2019 that we wish to bring to your attention:

(1) Long Outstanding Accounts

Comment: As of September 30, 2019, the following are long outstanding items that may no longer be valid:

Account	Amount
Prepayments – payroll clearing	$ 73,108
Prepayments – deferred credits	18,618
Accounts receivable – Pilot program (internal)	68,275
Accounts receivable – HUD	379,614
Due to Pilot Program (internal)	(122,189)
Accrued liabilities	(168,168)
Accounts payable	(199,924)
Deferred revenue	(450,392)
Net impact	$ (401,058)

Recommendation: We recommend that management review the above items and consider whether the above should be corrected.

(2) Allowance for Doubtful Accounts

Comment: Approximately $479,000 of GHURA's receivables were not provided with an allowance as of September 30, 2019. The under-allowance resulted from the current provision methodology wherein only notes and tenant receivable accounts over 90 days are provided with a full allowance. This provisioning methodology excludes tenant-fraud receivables and housing assistance payment recoverable amounts, which have been substantially outstanding for more than a year.

Recommendation: We recommend that management revisit the provisioning methodology and consider a periodic analysis of all past due accounts.

(3) Unreleased Check

Comment: A $35,036 check was released subsequent to year-end but was incorrectly recorded as an outstanding check as of September 30, 2019.

Recommendation: We recommend that management maintain a list of unreleased checks as of reporting period end and consider such amounts in the bank reconciliation.

(4) Unrecorded Invoice

Comment: For one of three subsequent disbursements tested, a $74,056 September 2019 progress billing of was recorded in the subsequent fiscal year.

Recommendation: We recommend that management, during the financial statement closing process, review invoices and billings received subsequent to the reporting period end and accrue expenses incurred during the fiscal period.

SECTION II - OTHER MATTERS

Other matters related to our observations concerning operations, compliance with laws and regulations, and best practices involving internal control over financial reporting that we wish to bring to your attention at this time are as follows:

(1) Security Deposits

Comment: A detailed listing of security and escrow deposits was not available for examination.

Recommendation: We recommend management prepare, maintain and periodically reconcile the detailed listing of security and escrow deposits.

SECTION III - DEFINITION

The definition of a deficiency is as follows:

A *deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management's Responsibility

GHURA's management is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

Internal control over financial reporting is a process affected by those charged with governance, management, and other personnel and designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting (i.e., the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles).

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

August 7, 2020

Board of Commissioners
Guam Housing and Urban Renewal Authority

Dear Members of the Board of Commissioners:

We have performed an audit of the financial statements of the Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated August 7, 2020.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of GHURA is responsible.

This report is intended solely for the information and use of the Board of Commissioners, management, the Office of the Public Accountability of Guam and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record

We wish to thank the staff and management of GHURA for their cooperation and assistance during the course of this engagement.

Very truly yours,

Deloitte & Touche LLP

cc: The Management of Guam Housing and Urban Renewal Authority

Deloitte.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated December 2, 2019. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of GHURA's financial statements for the year ended September 30, 2019 (the "financial statements"), in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") in all material respects, and to perform specified procedures on the required supplementary information for the year ended September 30, 2019;

- To express an opinion on whether the supplementary information that accompanies the financial statements, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements taken as a whole;

- To report on GHURA's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2019, based on an audit of financial statements performed in accordance with standards applicable to financial audits contained in generally accepted government auditing standards; and

- To report on GHURA's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulation*s Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Commissioners are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Commissioners of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to GHURA's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GHURA's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

We also considered GHURA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of GHURA's compliance with those requirements.

Deloitte.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GHURA's 2019 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based on management's evaluation of the collectability of current accounts and historical trends, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2019, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on GHURA's financial reporting process. Such proposed adjustments, listed as Appendix A to Attachment I, have been recorded in the accounting records and are reflected in the 2019 financial statements.

In addition, listed in Appendix B and Appendix C to Attachment I, are the summaries of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and prior periods presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

GHURA's significant accounting policies are set forth in Note 2 to GHURA's 2019 financial statements. During the year ended September 30, 2019, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GHURA:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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

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

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

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

OTHER INFORMATION IN THE ANNUAL REPORTS OF THE AUTHORITY

When audited financial statements are included in documents containing other information, such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that GHURA issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in GHURA's 2019 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Commissioners.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GHURA's 2019 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2019.

Deloitte.

SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Commissioners.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of GHURA's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations GHURA is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of GHURA's management and staff and had unrestricted access to GHURA's senior management in the performance of our audit.

EMPHASIS OF MATTERS

COVID-19

As discussed in Note 15 to the financial statements, GHURA determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. However, due to uncertainty surrounding the duration of the state of emergency, GHURA is unable to reasonably estimate its ultimate financial impact.

Restatement

As discussed in Note 16 to the financial statements, subsequent to the issuance of GHURA's 2018 financial statements, GHURA's management determined that capital assets were understated by $817,423 and unearned revenues were overstated by $4,985,444 as of September 30, 2018. As a result of this determination, GHURA's 2019 beginning net position has been restated from the amount previously reported of $8,847,006 to $14,649,873.

Our opinion is not modified with respect to these matters.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated August 7, 2020, on GHURA's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. Within that report, we noted certain matters that were considered to be material weaknesses under standards established by the American Institute of Certified Public Accountants. We have also issued a separate report to you, also dated August 7, 2020, involving GHURA's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance.

Deloitte.

CONTROL-RELATED MATTERS, CONTINUED

We have communicated to management, in separate letters also dated August 7, 2020, certain deficiencies and other matters related to GHURA's internal control over financial reporting and to GHURA's internal control over its information technology environment that we identified during our audit.

Although we have included management's written responses to our comments, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

ATTACHMENT I

GHURA

Guam Housing and Urban Renewal Authority
Aturidat Ginima' Yan Rinueban Siudat Guahan
117 Bien Venida Avenue, Sinajana, GU 96910
Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701
Website: www.ghura.org

EQUAL HOUSING OPPORTUNITY

Lourdes A. Leon Guerrero
Governor of Guam

Joshua F. Tenorio
Lt. Governor of Guam

Sabino P. Flores
Chairman

Monica O. Guzman
Vice Chairwoman

Anisia S. Delia
Commissioner

Frank T. Ishizaki
Commissioner

George F. Pereda
Commissioner

Joseph M. Leon Guerrero
Resident Commissioner

Ray S. Topasna
Executive Director

Elizabeth F. Napoli
Deputy Director

August 7, 2020

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning GU, 96913

We are providing this letter in connection with your audit of the statement of net position of the Guam Housing and Urban Renewal Authority (GHURA), a component unit of the Government of Guam (GovGuam), as of September 30, 2019, and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise GHURA's financial statements for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and change in net position, and cash flows of GHURA in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the financial statements of financial position, results of operations, and cash flows, in accordance with GAAP.

b. 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
- To prevent and detect fraud

c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for a stand-alone business-type activities governments obtained from the Government Finance Officers Association. Additionally, we agree to the recorded adjustments included in Appendix A.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in accordance with GAAP. In addition:

   a. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

   b. Deposits are properly classified in the category of custodial credit risk.

   c. Capital assets are properly capitalized, reported, and, if applicable, depreciated.

   d. Required supplementary information is measured and presented within prescribed guidelines.

   e. Other supplementary information is measured and presented within prescribed guidelines.

   f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

   g. Revenues and expenses are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues, non-operating revenues and expenses.

   h. GHURA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

2. GHURA has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. GHURA has made available to you:

   a. All minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared. The following details the summary of minutes:

Name	Date	Name	Date
Regular Meeting	October 11, 2018	Regular Meeting	July 8, 2019
Regular Meeting	October 26, 2018	Regular Meeting	July 29, 2019
Regular Meeting	November 9, 2018	Regular Meeting	August 26, 2019
Regular Meeting	November 20, 2018	Regular Meeting	September 26, 2019
Regular Meeting	December 21, 2018	Regular Meeting	October 11, 2019
Regular Meeting	January 11, 2019	Regular Meeting	October 25, 2019
Regular Meeting	January 25, 2019	Regular Meeting	November 15, 2019
Regular Meeting	February 8, 2019	Regular Meeting	November 22, 2019
Regular Meeting	February 22, 2019	Regular Meeting	December 13, 2019
Regular Meeting	March 28, 2019	Regular Meeting	January 10, 2020
Regular Meeting	May 3, 2019	Regular Meeting	January 24, 2020
Regular Meeting	June 7, 2019	Regular Meeting	February 14, 2020
Regular Meeting	June 21, 2019		

b. All financial records and related data for all financial transactions of GHURA and for all funds administered by GHURA. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GHURA and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

   a. Action taken by GHURA management that contravenes the provisions of federal laws and Guam laws and regulations, or of contracts and grants applicable to GHURA except as discussed in the Schedule of Findings and Questioned Costs section of your Independent Auditors' Reports on Internal Control and on Compliance.

   b. Communication from regulatory agencies concerning noncompliance with laws and regulations (including those related to the antifraud and abuse statutes) or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

6. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the prior period are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2018 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix C.

7. GHURA has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in GHURA and do not believe that the financial statements are materially misstated as a result of fraud.

8. We have no knowledge of any fraud or suspected fraud affecting GHURA involving:

   a. Management.
   b. Employees who have significant roles in internal control.
   c. Others, where the fraud could have a material effect on the financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting GHURA's financial statements communicated by employees, former employees, analysts, regulators, or others.

10. There are no unasserted claims or assessments that we are aware or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*. Management is of the opinion, based on discussions with applicable legal counsel, that adequate provision has been made in the financial statements for unasserted claims or assessments and we do not believe that resolution of these matters will have material impact on the financial statements.

11. Significant assumptions used by us in making accounting estimates are reasonable.

12. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified and disclosed all of GHURA's government programs and related activities subject to the OMB Uniform Guidance compliance audit. In addition, we have accurately completed the appropriate sections of the data collection form.

13. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance, and provisions of grants and contracts relating to GHURA's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. GHURA is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

14. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its federal programs.

15. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

16. No events have occurred subsequent to September 30, 2019 that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.

17. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2019.

18. There have been no changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by the Authority with regard to significant deficiencies and material weaknesses in internal control over compliance, subsequent to September 30, 2019.

19. Federal awards expenditures have been charged in accordance with applicable cost principles.

20. GHURA has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by local, state, or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by local, state, or federal law.

21. Money or similar assets handled by GHURA on behalf of the Federal Government have been properly and legally administered, and the accounting and record keeping related thereto is proper, accurate, and in accordance with law.

22. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal awards at those organizations.

23. We have:

    a. Identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program under audit.

    b. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal awards except as disclosed in the Schedule of Findings and Questioned Costs.

    c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

    d. Made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through Entity, as applicable.

    e. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits, program reviews, or any communications from federal awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.

    f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.

    g. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

24. We are responsible for follow-up on all prior-year findings. We have prepared a summary schedule of prior-year findings by federal awarding agency and pass-through entity, including all management decisions, to report the status of our efforts in implementation of the prior-year's corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with OMB Uniform Guidance.

25. We are responsible for taking corrective action on audit findings and have developed a corrective action plan that meets the requirements of OMB Uniform Guidance. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

26. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

27. No organizations were identified that meet the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity.*

Except where otherwise stated below, matters less than $360,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

28. Except as listed in Appendices B and C, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

29. GHURA has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

30. Regarding related parties:

    a. We have disclosed to you the identity of GHURA's related parties and all the related party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

31. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

32. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

33. There are no:

    a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements, such as those related to the antifraud and abuse statutes, in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as disclosed in the notes to the financial statements.

34. GHURA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

35. GHURA has complied with all aspects of contractual agreements that may have an effect on the financial statements except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.

36. No department or agency of GHURA has reported a material instance of noncompliance to us except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.

37. Regarding required supplementary information:

a. We confirm that we are responsible for the required supplementary information.

b. The required supplementary information is measured and presented in accordance with the requirements of the Governmental Accounting Standards Board.

c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

38. Regarding supplementary information:

a. We are responsible for the fair presentation of the supplementary information in accordance with GAAP.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP.

c. The method of measurement and presentation of the supplementary information has not changed from those used in the prior period.

39. During fiscal year 2019, GHURA implemented the following pronouncements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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

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

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

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

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

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

40. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

41. Financial instruments with significant individual or group concentration credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.

42. GHURA has disclosed whether, subsequent to September 30, 2019, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.

43. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of programs administered by GHURA has been discovered.

44. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

45. GHURA is responsible for determining and maintaining the adequacy of the allowance for accounts receivable, as well as estimates used to determine such amounts. Management believes that allowances are adequate to absorb currently estimated bad debts in the account balances.

46. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of GHURA and do not include any items consigned to it or any items billed to customers.

47. GHURA, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment.

48. We believe that all expenditures that have been deferred to future periods are recoverable.

49. We have disclosed to you all additions or changes to the existing pension plan.

50. We agree with the findings of the experts contracted by the GovGuam Retirement Fund and the GovGuam Department of Administration for the actuarial evaluations of GovGuam's retirement plan, postretirement liabilities and other post-employment benefits (OPEB). We did not give any instructions, nor cause any instructions to be given, to management's experts with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's experts.

51. We believe that the actuarial assumptions and methods used to measure pension and postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

52. We believe that the actuarial assumptions and methods used to measure other post-employment benefit liabilities are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*

53. We have no intention of terminating our participation in the GovGuam Retirement plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.

54. All additions to GHURA's property accounts consist of replacements or additions that are properly capitalizable.

55. There were no items of physical property contained in the property accounts of GHURA that were either (a) abandoned or (b) out of service and not regarded as either (i) standby property or equipment or (ii) property held for use only temporarily out of service.

56. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

57. As disclosed in Note 16 to the financial statements, subsequent to the issuance of GHURA's 2018 financial statements, GHURA's management determined that capital assets were understated by $817,423 and unearned revenues were overstated by $4,985,444 as of September 30, 2018. As a result of this determination, GHURA's 2019 beginning net position has been restated from the amount previously reported of $8,847,006 to $14,649,873.

58. 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 Government of Guam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses have closed. GHURA, being a non-essential component, has closed its office to visitors and has implemented staggered staffing to address social distancing.

    As of report date, GHURA received direct Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) funds through the HUD's Office of Community Planning and Development in two separate allocations of $2,678,702 and $3,519,238 for CDBG and ESG, respectively. Funds are intended to prevent, prepare, and respond to the community's needs as a result of the pandemic. GHURA also received $508,288 for its Section 8 HCV program and is authorized to disburse $745,204 for its Public Housing programs.

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

59. Except for matter discussed in item # 58 above and disclosed in Note 15 to the financial statements, no events have occurred after September 30, 2019, but before August 7, 2020, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

Very truly yours,

Ray S. Topasna
Executive Director

Lucele D. Leon Guerrero
Controller

APPENDIX A - POSTED ADJUSTMENTS AND FINANCIAL STATEMENTS RECLASSIFICATION ENTRIES

Audit Adjustments and Reclassifications

Journal Entries - AJE

1 AJE To adjust allowance		
Retiree Ad hoc COLA and supplemental benefits	185,570.00	
Transfers from GovGuam		185,570.00
	185,570.00	185,570.00
2 AJE To adjust Pension liability		
Pension expense	126,346.00	
Deferred Outflow of Resources	968,856.00	
Accrued Pension and OPEB Liabilities		1,238,556.00
Deferred Inflow of Resources	143,354.00	
	1,238,556.00	1,238,556.00
3 AJE To record retiree healthcare costs paid on behalf of GHURA		
Retiree Healthcare costs	228,999.31	
Transfers from GovGuam		228,999.31
	228,999.31	228,999.31
4 AJE To adjust OPEB liability		
Retiree OPEB Expense		228.00
Deferred Outflow of Resources	16,140.00	
Accrued Pension and OPEB Liabilities	3,293,936.00	
Deferred Inflow of Resources		3,309,848.00
	3,310,076.00	3,310,076.00
5 AJE To adjust HOME and Local Fund accounts to GAAP		
Unearned Revenue	478,117.29	
Non-current Liabilities - Other	4,115,377.78	
Net Position		4,985,443.82
Other Revenue	391,948.75	
	4,985,443.82	4,985,443.82
6 AJE To adjust HOME Fund's unsold assets		
Assets held for transfers to persons	706,129.25	
Other Revenue	433,808.59	
Repairs and maintenance		322,514.86
Net Position		817,422.98
	1,139,937.84	1,139,937.84

Journal Entries - RJE

1 RJE To reclass current portion of notes receivable		
Notes, Loans, & Mortgages Receivable - Current	182,487.79	
Notes, Loans and Mortgages Receivable - Non-Current		182,487.79
	182,487.79	182,487.79

APPENDIX B - UNPOSTED ADJUSTMENTS PERTAINING TO LATEST PERIOD PRESENTED

		Balance Sheet			Income Statement
Misstatement Description	Type of Mistatement	Assets Dr (Cr)	Liabilities Dr (Cr)	Net Position Dr (Cr)	Revenue Expenses Dr (Cr)
To clear long-outstanding prepayments	Factual	(91,726)			91,726
To clear long-outstanding accrued liabilities	Factual	(68,275)	290,357		(222,082)
To clear long-outstanding accounts payable	Factual		199,924		(199,924)
To clear long-outstanding A/R and Deferred Revenue from HUD	Factual	(379,614)	450,392		(70,778)
To record additional provisioning for A/R as of 9/30/2019	Judgmental	(479,000)			479,000
		(1,018,615)	**940,673**	**0**	**77,942**

APPENDIX C - UNPOSTED ADJUSTMENTS PERTAINING TO PRIOR PERIOD

Misstatement Description	Type of Mistatement	Balance Sheet			Income Statement
		Assets Dr (Cr)	Liabilities Dr (Cr)	Net Position Dr (Cr)	Revenue Expenses Dr (Cr)
To correct 2018 deferred outflows from OPEB	Factual	258,531			(258,531)
To adjust GFD retention balance as of 9/30/2018	Factual		(433,089)		433,089
To record additional provisioning for A/R as of 9/30/2018	Judgmental	(438,000)			438,000
		(179,469)	**(433,089)**	**0**	**612,558**