Financial Statements, Required Supplementary Information and Supplementary Information

Guam Housing Corporation

(A Component Unit of the Government of Guam)

Years ended September 30, 2020 and 2019
with Report of Independent Auditors

Building a better working world

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and Supplementary Information

Years ended September 30, 2020 and 2019

Contents

Report of Independent Auditors 1
Management's Discussion and Analysis....4

Audited Basic Financial Statements

Statements of Net Position 18
Statements of Revenues, Expenses and Changes in Net Position 20
Statements of Cash Flows 21
Notes to Financial Statements 23

Required Supplementary Information

Schedule 1 – Schedule of the Corporation's Proportionate Share of the Net Pension Liability – Defined Benefit Plan 57
Schedule 2 – Schedule of the Corporation's Contributions – Defined Benefit Plan....58
Schedule 3 – Schedule of the Corporation's Proportionate Share of the Collective Total Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants 59
Schedule 4 – Schedule of the Corporation's Contributions – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants....60
Schedule 5 – Schedule of the Corporation's Proportionate Share of the Collective Total Pension Liability – Ad Hoc COLA Plan for DCRS Participants 61
Schedule 6 – Schedule of the Corporation's Contributions – Ad Hoc COLA Plan for DCRS Participants 62
Schedule 7 – Schedule of the Corporation's Proportionate Share of the Collective Total Other Postemployment Benefits Liability 63
Schedule 8 – Schedule of the Corporation's Contributions Other Postemployment Benefit Plan....64
Note to Required Supplementary Information 65

Supplementary Information

Schedule 9 – Combining Statement of Net Position....66
Schedule 10 – Combining Statement of Revenues, Expenses and Changes in Net Position 68
Schedule 11 – Salaries, Wages and Benefits....69
Schedule 12 – First-time Homeowner Assistance Program....70

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Report of Independent Auditors

The Board of Directors
Guam Housing Corporation

Report on the Financial Statements

We have audited the accompanying statements of net position of the Guam Housing Corporation (the Corporation), a component unit of the Government of Guam, as of September 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Guam Housing Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 the Corporation as of September 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 17, the Schedules of the Corporation's Proportionate Share of the Net Pension Liability on pages 57, 59 and 61, the Schedule of the Corporation's Contributions on pages 58, 60, 62 and 64 and the Schedule of the Corporation's Proportionate Share of Collective Total Other Postemployment Benefit Liability on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) which considers it to be an essential part of financial reporting for placing the basic 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, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information included in pages 66 through 70 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information included in pages 66 through 70 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated February 19, 2021 on our consideration of the Corporation'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 the Corporation'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 the Corporation's internal control over financial reporting and compliance.

Ernst + Young LLP

February 19, 2021

As Management of the Guam Housing Corporation (GHC, the Corporation), we offer the readers of the Corporation's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2020. We encourage the readers to consider the information presented as you review the financial statistics presented on the following pages.

A. About the Corporation

GHC was established by virtue of Title 12 Chapter 4 of the Guam Code Annotated in 1965. GHC's mandate is to (a) To encourage and promote the investment of private capital in low and moderate income residential housing in Guam. (b) To engage in land-use planning for residential housing purposes to the end that the most economic and socially beneficial use may be made of land, and to encourage and assist private persons and organizations to act in accordance with the results of such planning. (c) To encourage and engage in low and moderate income housing activities, including development of residential subdivisions, construction of housing for rental or resale, and to make loans to any person for the purchase, construction, improvement, or repair of a home.

The management of the GHC is vested in a Board of Directors consisting of seven (7) members. The Board is responsible for overall policymaking and general supervision of the Corporation.

Loan & Supplemental Funding Programs

Guam Housing Corporation's mandate is to help individuals to secure mortgage financing who cannot otherwise qualify as borrowers through conventional means. The Corporation is also authorized to engage in housing activities, including development of residential subdivision and construction of housing for rental or resale.

First Time homeowners may apply for any of GHC's loan programs, however for the Regular Loan Program and the Six Percent Loan Program, the applicant(s) must be denied by a financial institution before the applicant can apply with Guam Housing Corporation. Prospective applicants are encouraged to meet with GHC for a prequalification interview to determine the amount GHC may assist the applicant with his/her financing needs.

Both the Regular and the Six Percent Loan Programs are similar in its eligibility and qualifying criteria. The differences are the interest rate and the source of funding. The interest rate for the Regular program is two (2%) above the prevailing rate charged by loan lenders, while the interest rate for the Six Percent Loan program is the prevailing rate with the lowest rate at four (4%) and the highest interest rate at six (6%).

Both loan programs may be used for the purposes of purchasing or constructing a house. If the purpose is for construction, GHC's loan is structured to have only one closing fee charged at loan closing. Interest payments will be required during the construction period and then converted to PITI (principal, interest, taxes, and insurance) payments when the house is completed. The loan will then mature thirty years after the first full payment of PITI.

Another loan program is the Community Affordable Housing Action Trust known as the CAHAT loan program. This is an interest free second mortgage program designed for first time homeowners for families and individuals who lack the resources to purchase or construct a typhoon-resistant home. The first mortgagee (a participating lender) will provide financing up to 80%, the CAHAT loan program will provide 15% financing and the borrower will provide the required 5% down payment. Eligible recipients of the program are provided up to $40,000 with a term loan up to thirty years.

GHC has also partnered with Rural Development (RD), United States Department of Agriculture to provide a joint financing between the two agencies. This program is the Leverage Loan Program, whereby GHC will provide 20% financing from its Six Percent Loan Program as the first lienholder and RD will provide 80% financing as the second lienholder. This financing concept provides 100% financing and design for RD to receive additional funding, if available. This program was effectuated via a Memorandum of Understanding between GHC and RD on September 5, 2005. Currently, the program is inactive due to lack of funding from RD.

GHC is also mandated to administer the First Time Homeowner Assistance Program (FTHAP) established by P.L. 31-166 in January 2012. Eligible recipients of the program are provided up to $10,000 or four (4%) of the total purchase and/or construction cost and closing costs. The maximum cost should not exceed $300,000 as amended by P.L. 34-100. There are eleven (11) participating financial institution to include GHC.

GHC continues working with Chamorro Land Trust Commission (CLTC) and RD on an initiative supporting both agencies' housing issues. By virtue of Title 21, Chapter 75 of the Guam Code Annotated, GHC is the primary and in most cases, the only authorized lender for Chamorro land trust property recipients seeking mortgage financing. The Memorandum of Understanding executed between the Chamorro Land Trust, RD, USDA and GHC in 2005 is currently under review and is expected to be amended.

For veterans who are also recipients of CLTC land lease, there are two Loan programs available. GHC's loan programs or the Direct loan program from the U.S. Veterans Administration under the Native American Loan Program.

We refer our readers to GHC's website at www.guamhousing.org for detailed information relative to its programs' eligibility and qualifying criteria.

Currently, the lack of skilled construction workers has driven the price of building or renovating houses beyond the buying powers of GHC's applicants. The current inventory of affordable housing units are insufficient to meet the number of individuals seeking homes to purchase. It is imperative that GHC continues its efforts with its industry partners in addressing the housing needs of our island residents. GHC under its mandate is committed to accomplish its mission.

Rental Division

GHC acquired 115 Lada Gardens homes in Dededo back in 1969 and are managed by the Corporation's Rental Division. These rental units are comprised of two, three, and four bedroom homes rented to eligible individuals and families. GHC also has two (2) single-family homes in Sagan Linahyan, consisting of two bedrooms, and two 12-unit apartment buildings in Yigo named Guma As-Atdas, consisting of two and three bedrooms.

GHC continued to increase its affordable housing inventory as PL 31-215 was enacted. This law provided GHC an additional ten (10) single family units, consisting of one, two, three and four bedrooms, for rent from the Department of Land Management (DLM) in Sagan Linahyan. The Department of Housing and Urban Development funded the renovation of these ten abandon Sagan Linahyan units through Guam Housing & Urban Renewal Authority (GHURA) at a cost of approximately $650,000. The Renovation Project was completed in October 2012. Due to the source of funding for the rehabilitation of these units, the proposed tenants must meet the established income limits.

B. Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of two components: 1) The Corporation's financial statements and 2) notes to the financial statements.

The Corporation utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principal Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

The *Statement of Net Positions* presents information on all the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net positions. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Positions* present information showing how the Corporation's net positions changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation, and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Corporation's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Corporation's financial statements report on the function of the Corporation that is principally supported by intergovernmental revenues. The Corporation's function is to help first-time homeowner individuals and families secure mortgage financing who cannot otherwise qualify as borrowers through other conventional financing means and provide and administer low-cost housing rental projects. The Corporation financial statements can be found on pages 18 through 70 of this report.

A condensed summary of the Corporation's statements of net position at September 30, 2020, 2019 and 2018 is shown below.

	2020	2019	2018
Cash & Investments	$ 11,475,324	$ 10,794,353	$ 9,951,896
Loans receivable, other receivables, prepaid exp. & inventory	26,198,726	27,233,491	28,287,200
Foreclosed assets held for resale	374,940	535,541	477,450
Capital Assets	5,874,748	6,030,003	6,216,039
Deferred outflows of resources - pension & OPEB	2,501,551	1,130,250	1,448,339
Total assets & deferred outflows of resources	$ 46,425,289	$ 45,723,638	$ 46,380,924
Accounts payable & accrued expenses	797,609	887,337	771,197
Deposits by borrowers & security deposit	518,953	535,868	654,163
Bonds payable	3,265,000	3,495,000	3,715,000
Loans held in trust	116,809	147,408	166,738
Net Pension & OPEB Liability	11,327,070	9,302,919	14,668,683
Total liabilities	$ 16,025,441	$ 14,368,532	$ 19,975,781
Deferred inflows of resources - pension & OPEB	$ 4,558,736	$ 5,730,577	$ 1,508,093
Invested in capital assets, net of related debt	$ 5,874,748	$ 6,030,003	$ 6,216,039
Restricted	4,841,152	4,541,540	3,903,672
Unrestricted	15,125,212	15,052,986	14,777,339
Total net position	$ 25,841,112	$ 25,624,529	$ 24,897,050

	2020	2019	2018
Revenues	$ 2,374,216	$ 2,633,641	$ 2,376,083
Expenses	2,157,633	1,906,162	2,945,384
Increase (decrease) in net position	216,583	727,479	(569,301)
Total net position at beginning of year	25,624,529	24,897,050	25,466,351
Total net position at end of year	$ 25,841,112	$ 25,624,529	$ 24,897,050

C. Financials at a Glance

The Corporation ended fiscal year 2020 with an increase in net income of $217 thousand (K). The increase is due to the increase of the deferred outflow for the Other Postemployment Benefits (OPEB) and a decrease is in the deferred inflow for the OPEB. This was offset by an increase in the OPEB liability and a decrease in revenue due to the lack of inventory for affordable houses, limited contractors, and the impact of the COVID-19 pandemic. The overall adjustments due to the OPEB increased the net position by $555K. Before the OPEB and pension liability adjustment the Corporation had a decrease in net position of $302K.

On March 14, 2020, the Governor of Guam, through Executive Order 2020-03, declared a state of emergency for Guam in response to COVID-19. This led up to the closure of all non-essential government services and private businesses, and all schools. Furthermore, an island-wide stay at home order was implemented, air transportation nearly came to a halt, and other stringent measures were put into place. Because of the coronavirus, over 35,000 individuals lost their jobs, and hundreds experienced a reduction in work hours. These unforeseen conditions placed families in a condition of uncertainty and jeopardized their financial stability, to include the ability to make mortgage and rental payments. The island was placed in Pandemic Condition of Readiness 1, the maximum restrictions for the community, from March 16, 2020 and then again from August 16, 2020 to January 15, 2021.

Revenue decreased by 10% compared to last fiscal year due to the decrease in interest on loans, gain on sale of foreclosed asset and interest on bank deposit. An explanation of the variance of these revenue categories is provided below.

Expense increased compared to last fiscal year by 13% due to the increase in Retiree Supplemental & Health Benefits and Loss on Impaired Assets. This was offset by the decrease in Maintenance Expense, Professional Services, Depreciation and Other Expense. An explanation of the variance of these expense categories is provided below.

GHC's loan portfolio has decreased by $1.07 million (M) to approximately $26.6M, a decrease of 3.9% from the prior year. In fiscal year 2020 there were $983K in payoffs and $1.07M in monthly payments offset by new loan's principal disbursements and deferment totaling $981K. GHC closed four (4) loans totaling $663K under the Revolving Loan Program and six (6) loans totaling $201K under the CAHAT loan program in fiscal year 2020.

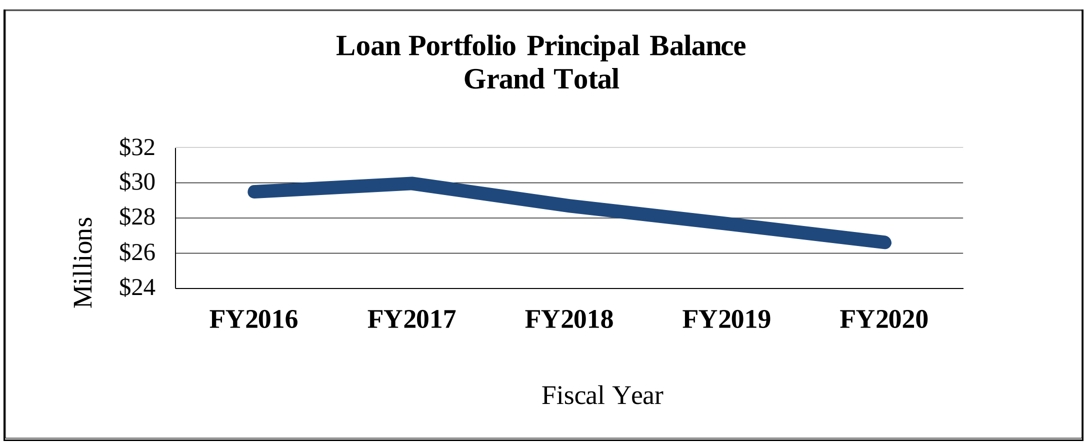
Although there were loan funds committed, there have been delays in principal disbursement. Borrowers seeking to build homes are finding it difficult to secure contractors. In large part, this is due to issues related to the limited availability of local, skilled construction labor and the suspension of the H2-B worker program. Borrowers wishing to utilize their loans to purchase homes are facing similar difficulty in locating homes for purchase due to the lack of inventory available in the low to moderate price range.

Despite the challenges facing GHC and the low to moderate income borrowers we serve, GHC's Loan Division continues to market all its available programs and entertain pre-qualification inquiries via telephone and email with the ultimate goal of loan closing and home ownership. In fiscal year 2020, only fifty-nine (59) applicants were interviewed. Total funding required for those interviewed is $7.7M. Of those interviewed only eight (8) pursued the application process.

D. Financial Highlights

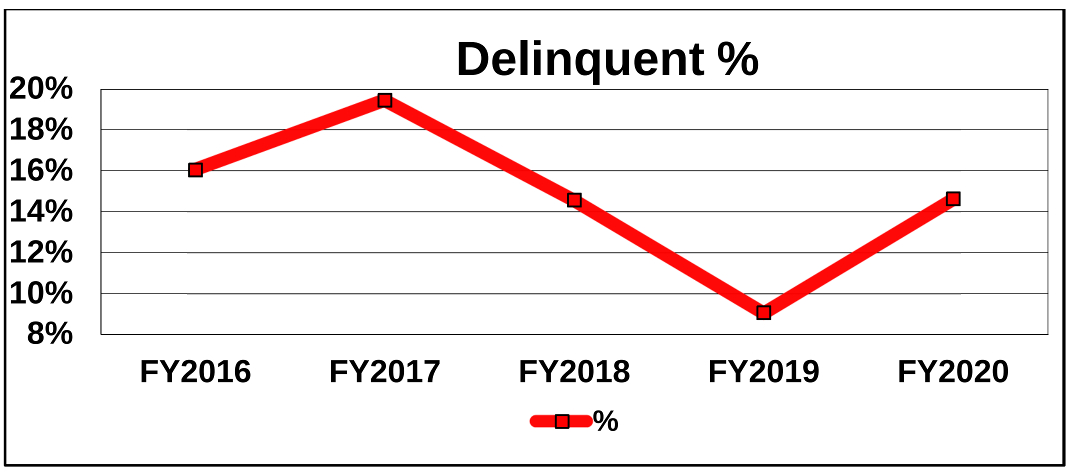
Loan Portfolio Principal Balance

FY2016	FY 2017	FY 2018	FY 2019	FY 2020
$29,512,782	$29,976,181	$28,708,835	$27,686,804	$26,617,079
Total Number of Loans				
401	392	373	362	341



Delinquency

FY2016	FY2017	FY2018	FY2019	FY2020
Delinquent %				
16.04%	19.43%	14.54%	9.03%	14.61%
Principal Balance				
$4,697,389	$5,789,624	$4,150,819	$2,488,045	$3,872,337
Total Number of Loans				
53	60	50	32	43



GHC provides mortgage loans to qualified applicants who have been denied financing for the construction or purchase of their new homes from conventional financial institutions. Thus, the Corporation assumes a higher lending risk with mortgage loans right at the start. The COVID-19 Pandemic has added to that risk as it has had a direct financial impact on many GHC mortgagors and their ability to meet their financial obligations. This combined with the moratorium on foreclosure and eviction proceedings outlined in Executive Order No. 2020-07 dated March 28, 2020 has contributed to an increase in delinquency. Delinquent loans 30 days and over increased by $1.4M to $3.9M in fiscal year 2020. Overall, loans delinquent 30 days and over increased from 9% in fiscal year 2019 to 15% in fiscal year 2020.

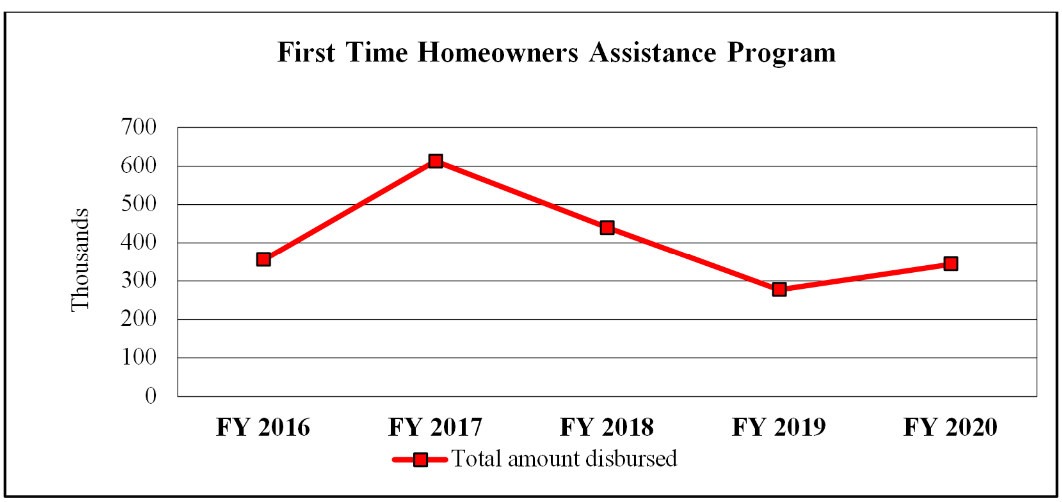
GHC's policy requires that all accounts past 90 days be reviewed and referred to legal counsel for further proceeding, however, each account is reviewed by the Credit and Collection Committee to determine if a workout agreement to reduce the Corporation's loss would be in the best interest of the Corporation rather than pursuing foreclosure. There may be some cases in which the current market value of the secured property could be lower than the payoff amount. If the borrower is committed and has demonstrated the ability to service the workout amount, the Corporation will authorize the workout. This, however, will not eliminate foreclosure should the borrower neglect to follow the approved payment arrangement.

First-Time Homeowners Assistance Program

	FY 2016	FY 2017	FY2018	FY2019	FY2020
Total amount disbursed	$355,262	$612,575	$438,982	$276,991	$343,431
Total number of grants	53	83	54	34	39

GHC funds	$26,338	$0	$7,532	$0	$0
Number of grants (GHC)	4	0	1	0	0

Escheated funds	$328,924	$612,575	$431,450	$276,991	$343,431
Number of grants (Escheated funds)	49	83	53	34	39



The total number of FTHAP grants disbursed have increased from 34 in fiscal year 2019 to 39 in fiscal year 2020. GHC received $601K & $285K of escheated funds from the Department of Adminstration (DOA) during fiscal years 2019 & 2020 respectively. The funds received in fiscal year 2020 were received in the latter part of the fiscal year so disbursements for these funds were disbursed in fiscal year 2021. As with the previous fiscal years, the funds were not enough for all the applications GHC received so the waiting list that was established is ongoing. GHC is still awaiting funds.

Foreclosed assets held for resale

Foreclosed assets held for resale decreased from $536K in fiscal year 2019 to $375K in fiscal year 2020. During fiscal year 2020, one (1) property was sold which had a book value of $122K and two (2) property values were decreased by a total of $39K due to the decrease in appraised value. At the end of fiscal year 2020 there were two (2) foreclosed assets held for resale.

Maintenance and security of these units throughout the Territory of Guam has fallen to the Rental Division, which due to its limited staff, struggles to accommodate the additional workload. Among others there are concerns of vandalism, theft, and generally the deterioration of the vacant properties.

Investment with trustee

Investment with trustee decreased by $381K to $1.5M in fiscal year 2020. This account is used to pay the trustee fees and the principal and interest of the mortgage revenue bond.

Pension & OPEB Deferred Outflows of resources

The deferred outflows of resources increased from $1.1M in fiscal year 2019 to $2.5M in fiscal year 2020 or 121% due to an increase in the OPEB's changes of assumptions.

Restricted Accounts Payables

In fiscal years 2019 and 2020 in accordance with PL33-168, DOA transferred to GHC $601K and $285K, respectively, of escheated funds for the FTHAP. Because of the restrictions, the funds received were placed under a restricted payable. During fiscal year 2020, $343K was disbursed to thirty-nine (39) first time homeowners from this fund. The balance at the end of fiscal year 2020 was $319K.

Other Postemployment Benefit Liability

The OPEB liability increased by 31% from $5.7M in fiscal year 2019 to $7.4M in fiscal year 2020 as per the KMS Actuaries' report dated January 06, 2021.

Pension and OPEB Deferred Inflows of Resources

Deferred inflows of resources decreased by $1.2M from $5.7M in fiscal year 2019 to $4.6M in fiscal year 2020 primarily due to the decrease in the OPEB deferred inflows of resources as per the KMS Actuaries' report dated January 06, 2021.

Interest on loans receivable, net

Interest on loans receivable decreased by $198K from $1.5M in fiscal year 2019 to $1.3M in fiscal year 2020. The decrease is due to the decrease in the loan portfolio in interest bearing loans from $25.6M in fiscal year 2019 to $24.6M in fiscal year 2020, decrease in weighted average interest rate from 5.17% in fiscal year 2019 to 5.05% in fiscal year 2020, decrease in loan fee from $55K in fiscal year 2019 to $27K in fiscal year 2020 and increase in delinquency from $2.5M in fiscal year 2019 to $3.9M in fiscal year 2020.

Gain/(Loss) on Sale of Assets

In fiscal year 2020 one (1) foreclosed property in the village of Yona was sold at a gain of $28K. The property foreclosed in fiscal year 2017 and was left in poor condition. GHC received $149K for this property. In fiscal year 2019, one foreclosed property was sold at a gain of $57K. Due to its location, GHC received several offers for this property in Piti and accepted the highest offer at $234K.

Interest Income on Bank Deposit

Interest income on bank deposit decreased by 37% from $48K in fiscal year 2019 to $31K in fiscal year 2020 due to the decrease in the weighted average interest rate on bank accounts. The interest rates on Certificate Deposits and checking accounts decreased due to COVID-19.

Professional Services

Professional Services decreased by $15K or 12% from $124K in fiscal year 2019 to $108K in fiscal year 2020 due to the decrease in information technology (IT) expenses. The IT contract expired in June 2019.

Depreciation

Depreciation decreased by $31K or 17% from $186K in fiscal year 2019 to $155K in fiscal year 2020. The original cost of the buildings at Lada Gardens fully depreciated in November 2019.

Maintenance Expense

Maintenance Expense decreased by $37K or 53% from $70K in fiscal year 2019 to $33K in fiscal year 2020 due to COVID-19. Due to Executive Orders Nos. 2020-04 & 2020-27 non-essential government agencies were closed and such services were suspended from March 16, 2020 to May 10, 2020 and from August 16, 2020 to September 27, 2020 respectively so only emergency repairs were being completed during these times.

Impairment Loss on Foreclosed Assets

Impairment loss on foreclosed assets totaling $39K was recorded in fiscal years 2020 to reduce the book value of two (2) foreclosed properties in fiscal year 2020 to the appraisal value. The appraised values that were taken in fiscal year 2019 for the three (3) foreclosed properties were higher than the book value as such there was no impairment loss in fiscal year 2019.

Other Expense

Other expense decreased by $13K or 21% from $61K in fiscal year 2019 to $49K in fiscal year 2020. The decrease is due to the decrease in homeless cost and emergency housing cost.

Retiree Supplemental and Health Benefits

Retiree Supplemental and Health Benefits increased by $258K from a credit balance of $623K in fiscal year 2019 to a credit balance of $366K in fiscal year 2020. The increase is due to an increase in the OPEB & pension liability in fiscal year 2020. This was offset by an increase in the OPEB deferred outflows and a decrease in the OPEB deferred inflows.

E. Future Events

GHC continues to pursue its mission with numerous challenges. GHC's ability to secure lending capital at affordable rates would be its immediate concern to achieve many of its goals.

Guam Housing Corporation has established the following goals to complete in 2021:

1. Administer and implement the COVID-19 Mortgage Relief Program (MRP). GHURA awarded GHC $714,000 of the CARES Act funds to administer and implement the program. MRP is an emergency relief project for the low to moderate income mortgagors who experienced a reduction in their household income from COVID-19 related circumstances. The program offers eligible mortgagors up to three months of mortgage payments. An estimate of 200 families will receive emergency mortgage relief assistance.

2. Renovate rental units at Lada Gardens as funds are available. Major renovations will be performed to an estimate of 24 rental units located on the Lada Gardens property. The approved budget of $1.8 million will support the scope of work for the project. GHC will work with the Department of Public Works to package the bid, award, and oversee the completion of the construction project.

3. Re-establish and amend the Home Improvement Loan Program. GHC will expand services on the Home Improvement Loan Program to increase its loan portfolio. Services include the loan policy, conditions, and marketing tools. GHC will issue home improvement loans to eligible applicants.

4. Continue the work as a member of the Governor's Interagency Council on Homelessness. Along with the council, GHC will examine problems associated with homelessness and develop and implement strategies and programs for a coordinated, effective response to reduce homelessness in Guam.

5. Create a plan to build affordable homes. GHC will work with other government agencies and private businesses to create a plan to development affordable homes for the low to moderate income families.

6. Apply for a FEMA mitigation grant to support the installation of typhoon shutters for 33 housing units at Lada Gardens.

7. Assist the Governor's Office and Department of Administration with the development of the Emergency Rental Assistance Program for Guam. The U.S. Department of the Treasury is awarding Guam $33 million to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.

The Corporation is cognizant of the lack of inventory of affordable homes. It will continue addressing this issue with its housing partners for possible solutions.

F. Contacting the Corporation's Financial Management

The Management Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting the Corporation's operations. This financial report is designed to provide a general overview of the Corporation's finances and demonstrate its ability to manage its resources. For additional information concerning this report, please contact the President of Guam Housing Corporation, at 590 S. Marine Corps Drive, Suite 514 ITC Building, Tamuning, Guam 96931 or visit the website at www.guamhousing.org.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30, 2020	September 30, 2019
Assets		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents *(Note 2)*	$ 5,055,393	$ 4,181,189
Self-insurance fund *(Notes 2 and 9)*	1,170,241	1,156,703
Loans receivable, net *(Note 3)*	962,978	1,050,858
Tenants receivable, net	13,181	15,384
Accrued interest receivable	34,798	40,906
Prepaid expenses and other	66,010	44,134
Foreclosed assets held for resale *(Note 6)*	374,940	535,541
Total unrestricted assets	7,677,541	7,024,715
Restricted assets:		
Cash and cash equivalents *(Note 2)*	3,762,456	3,588,200
Investments *(Note 2)*	1,487,234	1,868,261
Total restricted assets	5,249,690	5,456,461
Total current assets	12,927,231	12,481,176
Loans receivable, net *(Note 3)*	23,088,568	24,034,480
Restricted other receivables *(Note 4)*	2,033,191	2,047,729
Depreciable capital assets *(Note 5)*	2,940,521	3,095,776
Non-depreciable capital assets *(Note 5)*	2,934,227	2,934,227
Total assets	43,923,738	44,593,388
Deferred outflows of resources		
Pension *(Note 8)*	764,194	561,499
Other postemployment benefits (*Note 8*)	1,737,357	568,751
Total deferred outflows of resources	2,501,551	1,130,250
Total assets and deferred outflows of resources	46,425,289	45,723,638

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30, 2020	2019
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	$ 117,802	$ 119,379
Current portion of accrued compensated absences *(Notes 8 and 11)*	103,183	86,468
Unearned revenue	55,222	105,692
Total payable from unrestricted assets	276,207	311,539
Payable from restricted assets:		
Accounts payable	318,733	411,113
Bonds payable *(Notes 7 and 11)*	235,000	230,000
Accrued interest payable	15,439	16,340
Security deposits	54,025	49,945
Deposits by borrowers - insurance premiums and real estate taxes	464,928	485,923
Rebate liability *(Note 7)*	82,116	80,408
Total payable from restricted assets	1,170,241	1,273,729
Total current liabilities	1,446,448	1,585,268
Non-current liabilities:		
Payable from unrestricted assets:		
Non-current portion of accrued compensated absences *(Notes 8 and 11)*	105,114	67,937
Net pension liability *(Notes 8 and 11)*	3,897,095	3,625,960
Total collective other postemployment benefit liability *(Notes 8 and 11)*	7,429,975	5,676,959
Payable from restricted assets:		
Bonds payable *(Notes 7 and 11)*	3,030,000	3,265,000
Loans held in trust *(Notes 4 and 11)*	116,809	147,408
Total non-current liabilities	14,578,993	12,783,264
Total liabilities	16,025,441	14,368,532
Deferred inflows of resources		
Pension *(Note 8)*	125,459	157,960
Other postemployment benefits (Note 8)	4,433,277	5,572,617
Total deferred inflows of resources	4,558,736	5,730,577
Commitments and contingencies *(Notes 9)*		
Net position:		
Net investment in capital assets	5,874,748	6,030,003
Restricted for lending activities	4,841,152	4,541,540
Unrestricted	15,125,212	15,052,986
Total net position	$ 25,841,112	$ 25,624,529

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Year ended September 30, 2020	Year ended September 30, 2019
Operating revenues:		
Interest income on loans receivable	$ 1,337,222	$ 1,534,866
Rental income	857,041	867,991
Miscellaneous revenues	66,558	72,615
Interest income on investments held by bond trustees	54,719	52,720
Interest income on deposits	30,576	48,261
Gain on sale of foreclosed asset	28,100	57,188
Total operating revenues	2,374,216	2,633,641
Operating expenses:		
Salaries	1,284,896	1,240,263
Retirement and Medicare contributions	372,624	358,732
Interest expense on borrowings	192,477	202,973
Depreciation and amortization *(Note 5)*	155,254	186,037
Professional services	108,250	123,536
Rent *(Note 9)*	105,054	105,054
Employee benefits, other than retirement	85,810	80,889
Contractual services	81,378	82,067
Other	48,522	61,229
Impairment loss on foreclosed assets	38,561	---
Maintenance	32,802	70,252
Bond trustee fees	16,135	16,036
Director fees	1,750	2,950
Retiree supplemental and health benefits	(365,880)	(623,856)
Total operating expenses	2,157,633	1,906,162
Increase in net position	216,583	727,479
Net position at beginning of year	25,624,529	24,897,050
Net position at end of year	$ 25,841,112	$ 25,624,529

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statement of Cash Flows

	Year ended September 30, 2020	Year ended September 30, 2019
Cash flows from operating activities:		
Cash received from customers	$ 3,132,705	$ 2,991,195
Others	8,835	418,952
Cash paid to suppliers for goods and services	(399,459)	(457,919)
Cash paid to employees	(1,844,299)	(1,975,447)
Net cash provided by operating activities	897,782	976,781
Cash flows from investing activities:		
Decrease in investments	381,027	383,056
Proceeds from sale of foreclosed assets	150,140	234,398
Interest received on cash and investments with trustees	54,719	52,720
Increase in self-insurance fund	(13,538)	(24,346)
Net cash provided by investing activities	572,348	645,828
Cash flows from noncapital financing activities:		
Repayment of bonds payable	(230,000)	(220,000)
Increase of rebate liability	1,708	2,393
Interest paid on bonds payable	(193,378)	(203,835)
Net cash used in noncapital financing activities	(421,670)	(421,442)
Net increase in cash and cash equivalents	1,048,460	1,201,167
Cash and cash equivalents at beginning of year	7,769,389	6,568,222
Cash and cash equivalents at end of year	$ 8,817,849	$ 7,769,389
Consisting of:		
Unrestricted	$ 5,055,393	$ 4,181,189
Restricted	3,762,456	3,588,200
	$ 8,817,849	$ 7,769,389

See accompanying notes.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Statement of Cash Flows, continued

	Year ended September 30, 2020	2019
Reconciliation of change in net position to net used in operating activities:		
Increase in net position	$ 216,583	$ 727,479
Adjustments to reconcile increase in net position to net cash provided by operating activities:		
Non-cash pension costs	402,446	361,983
Non-cash other postemployment benefit cost	(400,708)	(554,327)
Interest expense on borrowings reported as operating expenses	192,477	202,973
Depreciation and amortization	155,255	186,037
Provision for doubtful rental receivables	12,449	10,844
Gain on sale of foreclosed asset	(28,100)	(57,188)
Reversal of loan losses	21,394	(20,441)
Interest income on investments held by bond trustees reported as non-operating expenses	(54,719)	(52,720)
Impairment loss on foreclosed assets	38,561	---
Decrease (increase) in assets:		
Loans receivable, net	1,012,398	965,940
Tenants receivable, net	(10,246)	(14,577)
Other receivables	14,538	(179,209)
Accrued interest receivable	6,108	26,270
Prepaid expenses and other assets	(21,876)	29,580
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(93,957)	250,327
Accrued compensated absences	53,892	(91,278)
Unearned revenue	(50,470)	(44,440)
Security deposits	4,080	2,388
Deposits by borrowers - insurance premiums and real estate taxes	(20,995)	(120,683)
Loans held in trust	(30,599)	(19,330)
Net pension liability	(366,507)	(344,537)
Total collective other postemployment benefit liability	(154,222)	(288,310)
Net cash provided by operating activities	$ 897,782	$ 976,781
Supplemental disclosure of cash flow information:		
Cash paid for interest expense during the year	$ 193,378	$ 203,835

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Guam Housing Corporation (the Corporation), a component unit of the Government of Guam (GovGuam), was created by Public Law 8-80 to promote the general welfare of the Territory of Guam by encouraging investment in and development of low cost housing and providing low cost housing rental units. The Corporation provides for its operating needs by charging interest on its loans and rent from its tenants. As a governmental entity created by public law, the Corporation is not subject to taxes.

The Corporation consists of two divisions: housing division and rental division. The housing division is engaged in lending activities of the Corporation while the rental division is engaged in the rental of housing and apartment complexes known as Lada Gardens, Guma As-Atdas and Sagan Linahyan. During the normal course of operations, transactions have occurred between the housing and rental divisions of the Corporation. These receivables and payables are eliminated in the accompanying financial statements.

Basis of Accounting

The Corporation utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Net Position

Net position represents the residual of all other elements presented in the statement of net position and is presented in the following categories:

Net investment in capital assets

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

1. Organization and Summary of Significant Accounting Policies, continued

Net Position, continued

Restricted for lending activities

Nonexpendable – Net position subject to externally imposed stipulations that require the Corporation to maintain them permanently.

Expendable – Net position whose use by the Corporation is subject to externally imposed stipulations that can be fulfilled by actions of the Corporation pursuant to those stipulations or that expire with the passage of time.

All of the Corporation's restricted net position at September 30, 2020 and 2019 is expendable.

Unrestricted

The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

Cash and Cash Equivalents

For purposes of the statement of net position and the statement of cash flows, cash and cash equivalents is defined as cash on hand, deposits in banks and time certificates of deposit with original maturities of three months or less.

Loans Receivable

The Corporation is permitted to make loans for the purchase, construction, or purchase of land and construction of homes not to exceed the loan limit established by the U.S. Department of Housing and Urban Development. The loan limit for FY2020 is $331,760 for single-unit dwellings.

The Corporation accepts loan applications only for single-unit dwellings. Public Law 26-123 states that the Board of Directors may adjust the rate of interest; however, it cannot assess a rate of interest greater than two (2) points over its cost of funds. The current interest rate for this program is 2% above the prevailing rate charged by local lenders.

Loans receivable are stated at principal amount outstanding less allowance for loan and lease losses. Interest on receivables is accrued and credited to income based on the principal amount outstanding. The accrual of interest is discontinued when principal or interest payments are delinquent for 90 days or more, or when in the opinion of management, there is an indication that the borrower may be unable to meet payments as they come due. Upon such discontinuance, all unpaid interest is transferred to overdue receivables account. Unpaid accrued interest is not reversed. Instead, a specific allowance is provided to cover unpaid accrued interest. Principal is reduced only to the extent cash payments are received after the accrued interest is recovered. Income is subsequently recognized only to the extent cash payments are received and until, in management's opinion, the borrower's ability to make periodic interest and principal payments is back to normal, in which case the loan is returned to accrual status.

1. Organization and Summary of Significant Accounting Policies, continued

Loans Receivable, continued

The allowance for loan and lease losses is maintained at a level, which in management's judgment is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loans receivable including the nature of the loan portfolio, estimated value of underlying collateral, credit concentration, trends in historical loss experience, specific delinquent loans, economic conditions, and other risks inherent in the portfolio. The allowance is increased by a provision for loan and lease losses and reversal of allowance. Because of the uncertainties inherent in the estimation process, management's estimate of credit losses in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Capital Assets

Capital assets, whether purchased or constructed, are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation and amortization of capital assets is computed using the straight-line method over estimated useful lives of 5 to 50 years for buildings and improvement, 2 to 10 years for vehicles and office furniture and equipment, and over the length of the lease term for leasehold improvements.

The Corporation generally capitalizes all expenditures for capital assets in excess of $5,000 with a useful life exceeding one year. Major renewals and betterments are charged to the capital assets, while maintenance and repairs which do not improve or extend the life of an asset are charged to expense. The cost of capital assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to other income or expenses, respectively.

Impairment of Capital Assets

In accordance with GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* the Corporation evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred.

A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value.

1. Organization and Summary of Significant Accounting Policies, continued

Investments

Investments and related investment earnings are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Compensated Absences

In accordance with Public Law 27-005 and Public Law 28-068, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service.

2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with five (5) years of service but less than fifteen (15) years of service.

3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with fifteen (15) years or more service.

The statutes reduce the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law 27-106 amended subsection (c) of 4 Guam Code Annotated §4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any excess unused leave from February 28, 2003 shall be lost. Accrued annual leave up to 320 hours is converted to pay upon termination of employment.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The Corporation recognizes a net pension liability for the pension plan in which it participates, which represents the Corporation's proportionate share of total pension liability (actuarially calculated) over the pension plan assets, measured as of the fiscal year end. 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. 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 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.

1. Organization and Summary of Significant Accounting Policies, continued

Other Post-employment Benefits

Other post-employment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting. The Corporation recognizes a total collective OPEB liability for the OPEB plan in which it participates, which represents the Corporation's proportionate share of total collective OPEB liability (actuarially calculated) measured as of the fiscal year end. Changes in the total collective 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 (expense/expenditure) until then. As required by GASB Statements No. 68, 71, 73 and 75 the Corporation reports deferred outflows of resources for pension-related and OPEB related amounts: payments since the measurement date, changes in assumptions, and for difference between projected and actual earnings.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until then. As required by GASB Statement No. 68 and 75, the Corporation reports deferred inflows of resources for pension-related and OPEB-related amounts: for its share of the difference between expected and actual earnings, for its share of the difference between its contributions and its proportionate share of contributions, and for the difference between expected and actual experience. The Corporation also reports deferred inflows of resources for the difference between the carrying amount and the reacquisition price of refunded bonds.

Operating and Non-operating Revenue and Expenses

The Corporation was created with the authority to invest in and develop low cost housing and provide low cost housing rental units. The primary operating revenues are the interest income on outstanding loans receivable and income from rental properties. The primary operating expenses include interest on borrowings, property maintenance, and general and administrative expenses directly related to the operations. Non-operating revenues and expenses result from financing activities and certain other non-recurring income and expenses.

1. Organization and Summary of Significant Accounting Policies, continued

Risk Management

The Corporation is exposed to various risks of loss; theft of, damage to, and destruction of assets; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from most of these matters.

Upcoming Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB Statement No. 87 will be effective for fiscal year ending September 30, 2023.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

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

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. This Statement addresses a variety of topics and includes specific provisions about leases; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement no. 73 and 84 for postemployment benefits, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. GASB Statement No. 92 will be effective for fiscal year ending September 30, 2021.

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; clarifying the definition of reference rate, as it is used in Statement 53, as amended. GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2021.

The Corporation is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Subsequent Events

The Corporation has evaluated subsequent events through February 19, 2021, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents, Self-Insurance Fund and Investments

As of September 30, 2020 and 2019, the Corporation's deposits had a total bank balance of $9,988,090 and $8,926,092 respectively. These deposits were insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). The Corporation does not require collateralization of its cash deposits. At September 30, 2020 and 2019, deposits were comprised of the following:

	2020	2019
FDIC Insured	$ 2,961,989	$ 2,931,541
Uncollateralized	7,026,101	5,994,551
Total deposits	$ 9,988,090	$ 8,926,092

Cash and cash equivalents, and investments at September 30, 2020 and 2019 are restricted as follows:

	2020	2019
Restricted cash and cash equivalents:		
Revolving Loan Fund	$2,023,229	$1,824,980
Trust fund and borrower's deposits	434,847	451,951
Foreclosure Protection Fund	528,885	519,939
Community Affordable Housing Action Trust (CAHAT)	74,067	51,636
Hazard Mitigation Program	163,229	163,258
Tenant security deposits	217,956	162,886
First-time Homeowner Assistance Program (FTHAP)	320,243	413,550
Total restricted cash and cash equivalents	3,762,456	3,588,200
Restricted investments - cash with Bond Trustees	1,487,234	1,868,261
Total restricted cash, cash equivalents and investments	$5,249,690	$5,456,461

2. Cash and Cash Equivalents, Self-Insurance Fund and Investments, continued

The restricted cash, cash equivalents and investments are restricted for specific uses from enabling Public Law 26-123, Public Law 31-166 and 12 GCA Chapter 4 §4209 for Revolving Loan Fund and related trust funds, the FTHAP and the CAHAT, respectively, the Mortgage Revenue Bonds and self-imposed restrictions on tenant security deposits for the Corporation's rental units.

The Corporation also maintains restricted investments for its Foreclosure Protection Fund. The Foreclosure Protection Fund is used by the Corporation to protect the interest of Guam's CAHAT program as holder of the second mortgage and is used exclusively for the purpose of paying off the first mortgage upon foreclosure.

The Mortgage Revenue Bond Indenture requires the establishment of special funds and accounts to be held and administered by the Corporation's trustees for the accounting of the bond proceeds. The Bank of New York Mellon manages the Corporation's investments by investing in U.S. securities, U.S. government agencies, money market funds and certificates of deposits insured by the FDIC. The U.S. securities are low risk investments as they are guaranteed by the full faith and credit of the U.S. government. While U.S. government agencies are not guaranteed, they are backed by the U.S. government and are recognized as low risk investments as well. All investment securities are within the requirement of the mortgage revenue bond indenture.

At September 30, 2020 and 2019, the Corporation's restricted investments held by trustee are as follows:

	Moody's Credit Rating	2020	2019
Federal Home Loan Mortgage Corporation	Aaa	$ 597,488	$ 737,613
Blackrock Liquidity T-Fund	Aaa	889,746	1,130,648
		$1,487,234	$1,868,261

The maturities of the Corporation's restricted investments at September 30, 2020 were:

	Investment Maturities (In Years)				
	Less than 1	1 to 5	6 to 10	Greater than 10	Total
Federal Home Loan Mortgage Corporation	$ ---	$ ---	$ ---	$ 597,488	$ 597,488
Blackrock Liquidity T-Fund	889,746	---	---	---	889,746
	$ 889,746	$ ---	$ ---	$ 597,488	$1,487,234

2. Cash and Cash Equivalents, Self-Insurance Fund and Investments, continued

The maturities of the Corporation's restricted investments at September 30, 2019 were:

	Investment Maturities (In Years)				
	Less than 1	1 to 5	6 to 10	Greater than 10	Total
Federal Home Loan Mortgage Corporation	$ ---	$ ---	$ ---	$ 737,613	$ 737,613
Blackrock Liquidity T-Fund	1,130,648	---	---	---	1,130,648
	$1,130,648	$ ---	$ ---	$ 737,613	$1,868,261

Custodial credit risk is the risk that the Corporation will not be able to recover the value of investments or collateral securities held by a third-party custodian, in the event that the custodian defaults. Based on negotiated trust and custody contracts, all of these investments were held in the Corporation's name by the Corporation's custodial financial institutions at September 30, 2020 and 2019.

The deposits and investment policies of the Corporation are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with the applicable mortgage revenue bond indenture. 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 explicitly guaranteed by the United States government, all other investments must be rated Aal/P-1 by Moody's.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. In compliance with the bond indenture, the Corporation minimized the interest rate risk, by limiting maturity of investments. A majority of the Corporation's investment securities have maturities of 5 years or less. This reduces the impact of interest rate movements seen with longer maturity investments.

Concentration of risk for investments is the risk of loss attributable to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in one issuer that represents five percent (5%) or more of total investments for the Corporation. In compliance with the mortgage revenue bond indenture, the Corporation minimized credit risk loss by limiting investments to the safest types of securities.

2. Cash and Cash Equivalents, Self-Insurance Fund and Investments, continued

Investments Measured at Fair Value

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following tables set forth by fair value hierarchy level the Corporation's assets carried at fair value:

		At September 30, 2020		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt security - Federal Home Loan				
Mortgage Corporation (FHLMC)	$ 597,488	$ ---	$ 597,488	$ ---
Equity security - Blackrock Liquidity T-Fund	889,746	889,746	---	---
Total investments by fair value level	$ 1,487,234	$ 889,746	$ 597,488	$ ---

		At September 30, 2019		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt security - Federal Home Loan				
Mortgage Corporation (FHLMC)	$ 737,613	$ ---	$ 737,613	$ ---
Equity security - Blackrock Liquidity T-Fund	1,130,648	1,130,648	---	---
Total investments by fair value level	$ 1,868,261	$ 1,130,648	$ 737,613	$ ---

3. Loans Receivable

At September 30, 2020 and 2019, loans receivable are as follows:

	2020	2019
Unrestricted	$24,583,888	$25,639,074
Less: Allowance for loan and lease losses	532,342	553,736
	24,051,546	25,085,338
Less: Current portion	962,978	1,050,858
	$23,088,568	$24,034,480

Loans to employees totaled $446,706 and $464,726 at September 30, 2020 and 2019, respectively. These loans meet the same criteria as all real estate loans made to non-related individuals by the Corporation. At September 30, 2020 and 2019, loans and other receivables in arrears three months or more or referred to an attorney for collection totaled $2,401,793 and $1,582,992, respectively.

4. Other Receivables

In 2002, the Corporation elected to record a receivable and the corresponding liability for loans under the CAHAT, Hazard Mitigation, Down Payment and Closing Cost Assistance (DPCCA) and the Sagan Linahyan Project programs. Except for the Hazard Mitigation Program, these programs are interest-free loans solely to assist first-time homeowners for purposes of retrofitting for typhoon resistant homes. The Foreclosure Protection Fund is restricted for the purpose of protecting the interest of CAHAT loans.

As of September 30, 2020 and 2019, other receivables due from borrowers for the aforementioned loans consisted of the following:

	2020	2019
CAHAT	$1,916,524	$1,901,440
CPCCA	116,667	146,289
	$2,033,191	$2,047,729

The Corporation recorded a corresponding liability on the DPCCA Program totaling $116,809 and $147,408 as of September 30, 2020 and 2019, respectively, which is reported as loans held in trust in the accompanying statements of net position. The DPCCA program was funded by the Guam Housing and Urban Renewal Authority (GHURA) with monies received from the U.S. Department of Housing and Urban Development.

The CAHAT and Foreclosure Protection Fund programs were funded by appropriations received from the Government of Guam (GovGuam) through Public Law 21-99. The DPCCA program, which was administered by the Corporation under a sub-recipient agreement with GHURA, was terminated on October 23, 2003. The repayments received by the Corporation from its borrowers are program income of GHURA and are remitted monthly.

5. Capital Assets

A summary of changes in net capital assets for the year ended September 30, 2020 is as follows:

	Beginning Balance October 1, 2019	Transfers-in and Additions	Transfers-out and Disposals	Ending Balance September 30, 2020
Capital assets depreciated and amortized:				
Buildings and improvements	$6,993,559	$ ---	$ ---	$6,993,559
Office furniture and equipment	315,890	---	(3,087)	312,803
Vehicles	157,615	---	---	157,615
Land improvements	64,749	---	---	64,749
Leasehold improvements	29,445	---	---	29,445
Total capital assets depreciated and amortized	7,561,258	---	---	7,558,171
Less accumulated depreciation and amortization	(4,465,482)	(155,255)	3,087	(4,617,650)
Net capital assets depreciated and amortized	3,095,776	(155,255)	---	2,940,521
Capital asset not depreciated and amortized - land	2,934,227	---	---	2,934,227
	$6,030,003	$(155,255)	$ ---	$5,874,748

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

	Beginning Balance October 1, 2018	Transfers-in and Additions	Transfers-out and Disposals	Ending Balance September 30, 2019
Capital assets depreciated and amortized:				
Buildings and improvements	$6,993,559	$ ---	$ ---	$6,993,559
Office furniture and equipment	322,299	---	(6,409)	315,890
Vehicles	157,615	---	---	157,615
Land improvements	64,749	---	---	64,749
Leasehold improvements	29,445	---	---	29,445
Total capital assets depreciated and amortized	7,567,667	---	---	7,561,258
Less accumulated depreciation and amortization	(4,285,855)	(186,036)	6,409	(4,465,482)
Net capital assets depreciated and amortized	3,281,812	(186,036)	---	3,095,776
Capital asset not depreciated and amortized - land	2,934,227	---	---	2,934,227
	$6,216,039	$(186,036)	$ ---	$6,030,003

6. Foreclosed Assets Held for Resale

A summary of the activities in the foreclosed assets held for resale as of September 30, 2020 and 2019 is as follows:

	2020	2019
Foreclosed assets held for resale at beginning of year	$535,541	$477,450
Foreclosures during the year	---	235,301
Impairment loss	(38,561)	---
Foreclosed assets sold during the year	(122,040)	(177,210)
	$374,940	$535,541

At September 30, 2020 and 2019, foreclosed assets held for resale represent two and three residential units acquired by the Corporation due to the borrowers' default on their mortgages, respectively.

7. Mortgage Revenue Bonds Payable

	October 1, 2019	Payments	September 30, 2020	Due Within One Year
Single Family Mortageg Revenue Bonds 1998 Series A, with interest rate of 4.7% per annum payable semi-annually on March 1 and September 1 and matures on September 1, 2021. Semi-annual principal installments totaling from $110,000 to $120,000	$ 465,000	$ 230,000	$ 235,000	$ 235,000
Single Family Mortageg Revenue Bonds 1998 Series A, with interest rate of 5.75% per annum payable semi-annually on March 1 and September 1 and matures on September 1, 2031. Semi-annual principal installments totaling from $115,000 to $190,000	3,030,000	---	3,030,000	---
	$ 3,495,000	$ 230,000	$ 3,265,000	$ 235,000

7. Mortgage Revenue Bonds Payable, continued

	October 1, 2018	Payments	September 30, 2019	Due Within One Year
Single Family Mortageg Revenue Bonds 1998 Series A, with interest rate of 4.7% per annum payable semi-annually on March 1 and September 1 and matures on September 1, 2021. Semi-annual principal installments totaling from $110,000 to $120,000	$ 685,000	$ 220,000	$ 465,000	$ 230,000
Single Family Mortageg Revenue Bonds 1998 Series A, with interest rate of 5.75% per annum payable semi-annually on March 1 and September 1 and matures on September 1, 2031. Semi-annual principal installments totaling from $115,000 to $190,000	3,030,000	---	3,030,000	---
	$ 3,715,000	$ 220,000	$ 3,495,000	$ 230,000

On April 15, 1998, the Corporation issued $50,000,000 (Guaranteed Mortgage-Backed Securities Program) 1998 Series A tax-exempt Single Family Mortgage Revenue Bonds. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam. Principal installments and interest due on the bonds are payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 1998 at various rates indicated in the preceding paragraph.

7. Mortgage Revenue Bonds Payable, continued

The Corporation is required to calculate rebatable arbitrage as of the last day of any Bond year pursuant to the provisions of the U.S. Department Treasury Regulation Section 1.148. The arbitrage provisions require the Corporation to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond indenture, this amount has been recorded as "Rebate Liability" for the benefit of the federal government and will be paid as required by applicable regulations. As of September 30, 2020 and 2019, the rebate liability totaled $82,116 and $80,408, respectively, as reported in the accompanying statements of net position. The bonds are limited obligations of the Corporation payable from the revenues and other assets pledged for the payment thereof and are not a lien or charge upon the funds of the Corporation, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bonds do not constitute indebtedness or a loan of credit of the GovGuam or the United States of America, within the meaning of the Organic Act of Guam or statutory provisions. Neither the faith and credit nor the taxing power of the GovGuam is pledged to the payment of the principal of, or interest on the bonds. The Corporation has no taxing authority.

The bonds are not debts, liabilities or obligations of the GovGuam and the GovGuam is not liable for the payment should the Corporation default on the loan.

The bonds maturing on September 1, 2031 are not subject to optional redemption prior to maturity. The bonds maturing after September 1, 2008 but on or before September 1, 2021 are subject to redemption on any date on or after September 1, 2008, at the option of the Corporation, in whole, or in part from such maturities as are determined by the Corporation, from any source of available monies, at the redemption prices of 100%.

The Bond Indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of the Corporation is of the opinion that the Corporation is in compliance with all significant covenants of the mortgage revenue bonds as of September 30, 2020 and 2019.

Future bond principal and mandatory sinking fund installments payable by the Corporation to the bond trustees are as follows:

Year ending September 30,	Principal	Interest	Total
2021	$ 235,000	$ 182,450	$ 417,450
2022	235,000	170,919	405,919
2023	245,000	157,263	402,263
2024	260,000	142,888	402,888
2025	275,000	127,794	402,794
2026 to 2031	2,015,000	394,881	2,409,881
	$ 3,265,000	1,176,195	$ 4,441,195

8. Employee Benefits

General Pension Plan Descriptions

Defined Benefit Plan (DB Plan)

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

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also 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.

The DB Plan is administered by the GGRF, to which the Corporation contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of the Corporation hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the Corporation are established and may be amended by the GGRF.

8. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

The Corporation's statutory contribution rates were 26.28% and 26.56%, respectively, for the years ended September 30, 2020 and 2019. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2020 and 2019.

Benefits: 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.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Valuation of assets:	3-year phase in of gain/losses relative to interest rate assumption.
Investment income:	7.0% per year
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Return of contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.
Remaining amortization period:	At September 30, 2018, the remaining period is 14.58 years.

8. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Expected Remaining Service Lives: Under GASB Statement No. 68, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 1.5 years in the 2014 valuation, at 1.4 in the 2015 actuarial valuation, at 1.3 years in the 2016 actuarial valuation, at 1.0 in the 2017 actuarial valuation, at 3.1 years in the 2018 actuarial valuation and at 3.3 years in the 2019 valuation. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

Asset Class	Target Asset Allocation	Expected Nominal Return	Component Return
U.S. Equities (large cap)	26%	6.81%	1.77%
U.S. Equities (small cap)	4%	8.12%	0.32%
Non-U.S. Equities	17%	8.33%	1.42%
Non-U.S. Equities (emerging markets)	3%	10.28%	0.31%
U.S. Fixed Income (aggregate)	24%	3.87%	0.93%
Risk Parity	8%	5.56%	0.45%
High Yield Bonds	8%	5.45%	0.44%
Global Real Estate (REITs)	5%	8.01%	0.40%
Global Equity	5%	7.44%	0.37%
Expected average return for one year			6.40%
Expected geometric mean (50 years)			5.85%

8. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

The assumption used in the actuarial valuation (7.0%) is slightly higher than the expected geometric average return over the next 50 years. If the investments do not return the expected results, future pension expense will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: The plan membership is the same as the DB Plan described above.

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increases the annual annuity up to $40,000.

The COLA payment is $2,000 per DB retiree.

Contributions: The Corporation's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to $40,000.

The Corporation's contribution to the COLA payment of the Plan is $2,000 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.

8. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.
Remaining Amortization period:	At September 30, 2018, the remaining period is 14.58 years.

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 2.66% and 4.18% for the years ended September 30, 2020 and 2019, respectively. This rate was used as the benefits are not funded with the accumulated assets; they are funded historically through appropriations from the Government of Guam.

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contributions: The Corporation's contribution to the COLA payment of the Plan is $2,000 per DCRS retiree.

8. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.
Remaining Amortization period:	At September 30, 2018, the remaining period is 14.58 years.

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

8. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability at the fiscal years presented for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

Reporting date	September 30, 2020	September 30, 2019
Measurement date:	September 30, 2019	September 30, 2018
Valuation date:	September 30, 2018	September 30, 2017

Net pension liability as of September 30, 2020 and 2019 for the aforementioned plans are as follows:

	2020	2019
DB Plan	$2,902,759	$2,823,658
Ad hoc COLA/SA Plan for DB Participants	799,484	644,322
Ad hoc COLA Plan for DCRS Participants	194,852	157,980
	$3,897,095	$3,625,960

Proportionate share of net pension liabilities at September 30, 2020 and 2019 for the aforementioned plans are as follows:

	2020	2019
DB Plan	0.24%	0.24%
Ad hoc COLA/SA Plan for DB Participants	0.25%	0.22%
Ad hoc COLA Plan for DCRS Participants	0.33%	0.32%

Pension expense for the years ended September 30, 2020 and 2019 for the aforementioned Plans are as follows:

	2020	2019
DB Plan	$290,534	$335,705
Ad hoc COLA/SA Plan for DB Participants	99,161	70,990
Ad hoc COLA Plan for DCRS Participants	12,751	(44,712)
	$402,446	$361,983

8. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

As of September 30, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2020					
	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,166	$(25,732)	$ 5,540	$(2,458)	$ 20,521	$(5,660)
Net difference between projected and actual earnings on pension plan investments	102,070	---	---	---	---	---
Corporation's contributions subsequent to the measurement date	297,486	---	59,280	---	12,000	---
Changes in assumption	---	---	71,779	(12,428)	46,911	(18,903)
Changes in proportion and difference between the Corporation's contributions and proportionate share of contributions	44,408	(3,683)	64,090	(---)	35,943	(56,595)
	$ 448,130	$(29,415)	$ 200,689	$(14,886)	$ 115,375	$(81,158)

	September 30, 2019					
	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,969	$(---)	$ 9,533	$ ---	$ 22,698	$(1,444)
Net difference between projected and actual earnings on pension plan investments	---	(50,619)		---	---	---
Corporation's contributions subsequent to the measurement date	293,201	---	55,191	---	6,000	---
Changes in assumption	---	---		(21,386)		
Changes in proportion and difference between the					18,815	(21,085)
Corporation's contributions and proportionate share of contributions	84,779	(---)	26,775	---	36,538	(63,426)
	$ 385,949	$(50,619)	$ 91,499	$(21,386)	$ 84,051	$(85,955)

Deferred outflows of resources at September 30, 2020 and 2019, resulting from the Corporation's employer contributions for the following plans are as follows:

	2020	2019
DB Plan	$297,486	$293,201
Ad hoc COLA/SA Plan for DB Participants	59,280	55,191
Ad hoc COLA Plan for DCRS Participants	12,000	6,000
	$368,766	$354,392

8. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ 43,553
2022	64,176
2023	89,516
2024	46,275
2025	4,105
Thereafter	22,344
	$269,969

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Net pension liability	$3,664,590	$2,902,759	$2,247,186

Ad Hoc COLA/SA for DB Participants

	1% Decrease 1.66%	Current Discount 2.66%	1% Increase 3.66%
Total collective pension liability	$ 882,038	$ 799,484	$ 729,100

Ad Hoc COLA for DCRS Participants

	1% Decrease 1.66%	Current Discount 2.66%	1% Increase 3.66%
Total collective pension liability	$ 220,805	$ 194,852	$ 172,636

Detailed information about the DB Plan’s fiduciary net position is available in the separately issued GGRF financial report.

8. Employee Benefits, continued

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam on or before October 1, 1995. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2020 and 2019 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

During the years ended September 30, 2020 and 2019, contributions made and amounts accrued under the DCRS amounted to $131,286 and $143,499, respectively.

Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 6.2% of the employee's base salary while employer contributions are actuarially determined.

Other Post-employment Benefit (OPEB) Plan

OPEB Plan Description

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains an agent multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting Guam Housing Corporation website – https://guamhousing.org

Membership: All employees of the Corporation who are members of the GGRF are members of the OPEB Plan.

Contributions: The Corporation is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

8. Employee Benefits, continued

OPEB Plan, continued

OPEB Plan Description, continued

Benefits: GovGuam provides postemployment 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.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.75%
Healthcare cost trend rate (Non-Medicare)	13.5% for 2019, 6.75% for 2020, decreasing 0.25% per year to an ultimate rate of 4.25% for 2030 and later years.
Healthcare cost trend rate (Medicare):	-25% for 2019, 6.75% for 2020, decreasing 0.25% per year to an ultimate rate of 4.25% for 2030 and later years.
Health retiree mortality rates:	RP-2000 Combined Health Mortality Table, set forward 3 years and 2 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, respectively, projected generationally using 30% of Scale BB.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.66% and 4.18% for the years ended September 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions 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 benefits of current plan members. Therefore, the municipal bond rate at each year end was applied to all periods to determine the total OPEB liability.

Expected Remaining Service Lives: Under GASB Statement No. 75, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 5.57 years. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

8. Employee Benefits, continued

OPEB Plan, continued

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2020	September 30, 2019
Measurement date:	September 30, 2019	September 30, 2018
Valuation date:	September 30, 2018	September 30, 2017

Total OPEB liability as of September 30, 2020 and 2019 is $7,429,975 and $5,676,959, respectively.

Proportionate share of total OPEB liability at September 30, 2020 and 2019 is 0.29% and 0.30%, respectively.

OPEB benefit and expense for the years ended September 30, 2020 and 2019 is $400,708 and $554,327, respectively.

As of September 30, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ ---	$(974,156)	$ ---	$(1,297,629)
Corporation's contributions subsequent to the measurement date	117,770	---	157,591	---
Changes in assumption	1,619,587	(692,776)	411,160	(942,172)
Changes in proportion and difference between the Corporation's contributions and proportionate share of contributions	---	(2,766,345)	---	(3,332,816)
	$ 1,737,357	$(4,433,277)	$ 568,751	$(5,572,617)

Deferred outflows of resources at September 30, 2020 and 2019, resulting from the Corporation's employer contributions totaled $117,770 and $157,591, respectively.

8. Employee Benefits, continued

OPEB Plan, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	$ 851,126
2022	851,125
2023	918,897
2024	338,403
2025	(145,860)
	$2,813,691

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

Sensitivity analysis: The following presents the total OPEB liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease 1.66%	2020 Current Discount 2.66%	1% Increase 3.66%
Total OPEB liability	$ 8,875,002	$ 7,429,975	$6,281,468

The following presents the total OPEB liability calculated using a healthcare cost trend rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease	2020 Current Discount	1% Increase
Total OPEB liability	$ 6,037,671	$ 7,429,975	$9,274,776

8. Employee Benefits, continued

Accrued Sick Leave

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2020 and 2019, The Corporation has accrued an estimated liability of $47,079 and $35,389, respectively, which is reported as a component of accrued compensated absences in the accompanying statements of net position. However, this amount is an estimate and actual payout could differ from those estimates.

9. Commitments and Contingencies

Commitments

As of September 30, 2020 and 2019, the Corporation has loan commitments totaling $537,973 and $2,205,617 respectively.

The Corporation leases office space from the Guam Economic Development Authority (GEDA) under an operating lease which expires on February 28, 2022. The Corporation is currently renegotiating to renew its lease agreement. The lease agreement calls for a monthly rental payment of $8,312. For each of the years ended September 30, 2020 and 2019, rental expense totaling $99,744 was paid to GEDA, which is reported as a component of rent expense in the accompanying statements of revenues, expenses and changes in net position.

The future minimum lease payments for the aforementioned operating lease are as follows:

Year ending September 30,	
2021	$ 99,744
2022	41,560
	$ 141,304

Litigation

The Corporation is involved in certain litigation and management is of the opinion that liabilities of a material nature will not be realized.

The Corporation has claims under legal procedures for approximately $361,000 in which foreclosure, litigation or bankruptcy is involved. These claims are at various stages and the ultimate outcome is uncertain. Therefore, no additional provision for any potential liability that may result from these claims has been made in the accompanying financial statements.

9. Commitments and Contingencies, continued

Self-Insurance

The Corporation self-insures for all risks to Lada Gardens and Guma As-Atdas. A separate account was established to fund any damages that may arise in the future, to be increased on a monthly basis by the weighted-average yield of the Corporation's checking account. This amount is primarily invested in time certificate of deposits with original maturities greater than 90 days. Excess of losses over the fund is recognized in the year realized. At September 30, 2020 and 2019, the self-insurance fund totaled $1,170,241 and $1,156,703, respectively, as reported in the accompanying statements of net position.

10. Risk and Uncertainties

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus (COVID-19) outbreak as a "Public Health Emergency of International Concern." As disclosed in Note 1, the Corporation is engaged in lending and rental activities to generate income. The Corporation is actively coordinating with existing borrowers and tenants, who are affected by financial hardships due to COVID-19's impact on the economy of Guam, on installment payment plans to ensure collection on loan and rental receivables. Due to the continued uncertainties surrounding the extent and duration of COVID-19 outbreak and the impact to the economy of Guam, the Corporation is unable at this time to reasonably estimate the potential future impact on its financial statements.

11. Long-Term Liabilities

A summary of changes in long-term liabilities during fiscal years 2020 and 2019 is as follows:

	October 1, 2019	Increases	Decreases	September 30, 2020	Current	Noncurrent
Accrued compensated absenses	$ 154,405	$ 133,874	$ 79,982	$ 208,297	$ 103,183	$ 105,114
Net pension liability	3,625,960	271,135	---	3,897,095	---	3,897,095
Total collective other postemployement						
benefit liability	5,676,959	1,753,016	---	7,429,975	---	7,429,975
Bonds payable	3,495,000	---	230,000	3,265,000	235,000	3,030,000
Loans held in trust	147,408	---	30,599	116,809	---	116,809
	$ 13,099,732	$ 2,158,025	$ 340,581	$ 14,917,176	$ 338,183	$ 14,578,993

	October 1, 2018	Increases	Decreases	September 30, 2019	Current	Noncurrent
Accrued compensated absenses	$ 245,683	$ 124,199	$ 215,477	$ 154,405	$ 86,468	$ 67,937
Net pension liability	3,444,753	181,207	---	3,625,960	---	3,625,960
Total collective other postemployement						
benefit liability	11,223,930	---	5,546,971	5,676,959	---	5,676,959
Bonds payable	3,715,000	---	220,000	3,495,000	230,000	3,265,000
Loans held in trust	166,738	---	19,330	147,408	---	147,408
	$ 18,796,104	$ 305,406	$ 6,001,778	$ 13,099,732	$ 316,468	$ 12,783,264

Required Supplementary Information

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation’s Proportionate Share of the Net Pension Liability
(Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Corporation's proportion of the net pension liability	0.24%	0.24%	0.23%	0.24%	0.24%	0.24%	0.26%
Corporation's proportionate share of the net pension liability	$ 2,902,759	$ 2,823,658	$ 2,616,172	$ 3,256,011	$ 3,472,473	$ 2,948,762	$ 3,330,515
Corporation's covered payroll	$ 1,224,691	$ 805,614	$ 1,197,094	$ 1,266,692	$ 1,354,686	$ 1,284,400	$ 1,260,920
Corporation's proportionate share of the net pension liability as a percentage of its covered payroll	237.02%	350.50%	219.00%	257.00%	256.00%	230.00%	264.00%
Plan fiduciary net position as a percentage of total pension liability	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%	53.94%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Contributions
(Unaudited)

Defined Benefit Plan

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 289,541	$ 291,780	$ 187,900	$ 278,104	$ 297,444	$ 347,068	$ 325,802	$ 319,322	$ 289,323	$ 251,375
Contribution in relation to the contractually required contribution	$ 297,486	$ 293,201	$ 194,684	$ 276,288	$ 296,576	$ 359,159	$ 319,153	$ 315,348	$ 297,876	$ 242,381
Contribution excess (deficiency)	$ 7,945	$ 1,421	$ 6,784	$ (1,816)	$ (868)	$ 12,091	$ (6,649)	$ (3,974)	$ 8,553	$ (8,994)
Corporation's covered payroll	$ 718,892	$ 684,407	$ 230,135	$ 310,135	$ 304,556	$ 296,475	$ 297,198	$ 300,392	$ 274,066	$ 259,696
Contribution as a percentage of the covered-employee payroll	41%	43%	85%	89%	97%	121%	107%	105%	109%	93%

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Collective Total Pension Liability
(Unaudited)

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016
Corporation's proportionate share of the collective total pension liability	$ 799,484	$ 644,322	$ 600,954	$ 518,756	$ 522,556
Corporation's proportion of the collective total pension liability	0.25%	0.22%	0.21%	0.23%	0.22%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Contributions
(Unaudited)

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 59,280	$ 54,981	$ 57,400	$ 53,879	$ 54,078	$ 54,198	$ 51,198	$ 40,278	$ 40,478	$ 36,442
Contribution in relation to the contractually required contribution	$ 59,280	$ 55,191	$ 57,190	$ 53,879	$ 54,078	$ 54,198	$ 51,198	$ 40,278	$ 40,478	$ 36,442
Contribution excess (deficiency)	$ -	$ 210	$ (210)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Collective Total Pension Liability
(Unaudited)

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016
Corporation's proportionate share of the collective total pension liability	$ 194,852	$ 157,980	$ 227,627	$ 260,379	$ 173,951
Corporation's proportion of the collective total pension liability	0.33%	0.32%	0.36%	0.42%	0.33%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Contributions
(Unaudited)

Ad Hoc COLA Plan for DCRS Participants

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 12,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 4,000	$ 3,600	$ 2,200	$ 1,100	$ 1,100
Contribution in relation to the contractually required contribution	$ 12,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 4,000	$ 3,600	$ 2,200	$ 1,100	$ 1,100
Contribution excess (deficiency)	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Collective Total Other Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	2020	2019	2018	2017
Corporation's proportion of the collective total other postemployment benefit liability	0.29%	0.30%	0.46%	0.47%
Corporation's proportionate share of the collective total other postemployment benefit liability	$ 7,429,975	$ 5,676,959	$ 11,223,930	$ 11,881,411

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Required Supplementary Information
Schedule of the Corporation's Contributions
(Unaudited)

Other Postemployment Benefit Plan

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$117,770	$157,591	$164,294	$172,595	$172,046	$166,763	$114,056	$121,439	$126,018	$147,806
Contribution in relation to the contractually required contribution	$117,770	$157,591	$164,294	$172,595	$172,046	$166,763	$114,056	$121,439	$126,018	$147,806
Contribution excess (deficiency)	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---

Note to Required Supplementary Information
(Unaudited)

Changes in Assumptions – Pension Plans

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to $6,078,000 per year rather than $5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Supplementary Information

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Net Position

September 30, 2020

		Housing		Rental		Combined Total
Assets						
Current assets:						
Unrestricted assets:						
Cash and cash equivalents	$	4,506,435	$	548,958	$	5,055,393
Self-insurance fund		---		1,170,241		1,170,241
Loans receivable, net		962,978		---		962,978
Tenants receivable, net		538		12,643		13,181
Accrued interest receivable		34,787		11		34,798
Prepaid expenses and other		1,600		64,410		66,010
Foreclosed assets held for resale		374,940		---		374,940
Interdivision		(141,632)		141,632		---
Total unrestricted assets		5,739,646		1,937,895		7,677,541
Restricted assets:						
Cash and cash equivalents		3,544,500		217,956		3,762,456
Investments		1,487,234		---		1,487,234
Total restricted assets		5,031,734		217,956		5,249,690
Total current assets		10,771,380		2,155,851		12,927,231
Loans receivable, net		23,088,568		---		23,088,568
Restricted other receivables		2,033,191		---		2,033,191
Depreciable capital assets		---		2,940,521		2,940,521
Non-depreciable capital assets		---		2,934,227		2,934,227
Total assets		35,893,139		8,030,599		43,923,738
Deferred outflows of resources						
Pension		436,459		327,735		764,194
Other postemployment benefits		990,505		746,852		1,737,357
Total deferred outflow of resources		1,426,964		1,074,587		2,501,551
Total assets and deferred outflows of resources		37,320,103		9,105,186		46,425,289

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Net Position, continued

September 30, 2020

	Housing	Rental	Combined Total
Liabilities			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable and accrued expenses	$ 76,460	$ 41,342	$ 117,802
Current portion of accrued compensated absences	52,378	50,805	103,183
Unearned revenue	49,990	5,232	55,222
Total payable from unrestricted assets	178,828	97,379	276,207
Payable from restricted assets:			
Accounts payable	318,733	---	318,733
Bonds payable	235,000	---	235,000
Accrued interest payable	15,439	---	15,439
Security deposits	---	54,025	54,025
Deposits by borrowers - insurance premiums and real estate taxes	464,928	---	464,928
Rebate liability	82,116	---	82,116
Total payable from restricted assets	1,116,216	54,025	1,170,241
Total current liabilities	1,295,044	151,404	1,446,448
Non-current liabilities:			
Payable from unrestricted assets:			
Non-current portion of accrued compensated absences	49,296	55,818	105,114
Net pension liability	2,193,675	1,703,420	3,897,095
Total collective other postemployment benefit liability	4,182,637	3,247,338	7,429,975
Payable from restricted assets:			
Bonds payable	3,030,000	---	3,030,000
Loans held in trust	116,809	---	116,809
Total non-current liabilities	9,572,417	5,006,576	14,578,993
Total liabilities	10,867,461	5,157,980	16,025,441
Deferred inflows of resources			
Pension	70,619	54,840	125,459
Other postemployment benefits	2,495,673	1,937,604	4,433,277
Total deferred outflow of resources	2,566,292	1,992,444	4,558,736
Net position			
Net investment in capital assets	---	5,874,748	5,874,748
Restricted for lending activities	4,677,221	163,931	4,841,152
Unrestricted	19,209,129	(4,083,917)	15,125,212
Total net position	$ 23,886,350	$ 1,954,762	$ 25,841,112

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2020

	Housing	Rental	Combined Total
Operating revenues:			
Interest income on loans receivable	$ 1,337,222	$ ---	$ 1,337,222
Rental income	---	857,041	857,041
Miscellaneous revenues	66,049	509	66,558
Interest income on investments held by bond trustees	54,719	---	54,719
Interest income on deposits	16,747	13,829	30,576
Gain on sale of foreclosed assets	28,100	---	28,100
Total operating revenues	1,502,837	871,379	2,374,216
Operating expenses:			
Salaries	681,688	603,208	1,284,896
Retirement and Medicare contributions	203,732	168,892	372,624
Interest expense on borrowings	192,477	---	192,477
Depreciation and amortization	---	155,254	155,254
Professional services	79,714	28,536	108,250
Rent	105,054	---	105,054
Employee benefits, other than retirement	44,150	41,660	85,810
Contractual services	37,769	43,609	81,378
Other	14,914	33,608	48,522
Impairment on foreclosed assets	38,561	---	38,561
Maintenance	---	32,802	32,802
Bond trustee fees	16,135	---	16,135
Director fees	1,750	---	1,750
Retiree supplemental and health benefits	(203,677)	(162,203)	(365,880)
Total operating expenses	1,212,267	945,366	2,157,633
Increase (decrease) in net position	290,570	(73,987)	216,583
Net position at beginning of year	23,595,780	2,028,749	25,624,529
Net position at end of year	$ 23,886,350	$ 1,954,762	$ 25,841,112

Guam Housing Corporation
(A Component Unit of the Government of Guam)

Salaries, Wages and Benefits

	Years ended September 30, 2020	Years ended September 30, 2019
Salaries, wages and benefits:		
Salaries	$ 1,284,896	$ 1,240,263
Retirement and Medicate contributions	372,624	358,732
Retiree supplemental and health benefits	(365,880)	(623,856)
Employee benefits other than retirement	85,810	80,889
Total salaries, wages and benefits	$ 1,377,450	$ 1,056,028
Employees at end of year	23	22

Guam Housing Corporation
(A Component Unit of the Government of Guam)

First-time Homeowner Assistance Program

Year ended September 30, 2020

	Number of Grantees	Balance at September 30, 2019	Total Fund Allocated	Total Amount Disbursed	Interest Earned	Administration Fee	Balance at September 30, 2020
Guam Housing Corporation	---	$ 1,510	$ ---	$ ---	$ ---	$ ---	$ 1,510
Department of Administration	39	411,113	285,000	(343,431)	395	(34,344)	318,733
Total	39	$ 412,623	$ 285,000	$(343,431)	$ 395	$(34,344)	$ 320,243

Year ended September 30, 2019

	Number of Grantees	Balance at September 30, 2018	Total Fund Allocated	Total Amount Disbursed	Interest Earned	Administration Fee	Balance at September 30, 2019
Guam Housing Corporation	---	$ 1,510	$ ---	$ ---	$ ---	$ ---	$ 1,510
Department of Administration	34	115,425	600,544	(276,991)	623	(28,488)	411,113
Total	34	$ 116,935	$ 600,544	$(276,991)	$ 623	$(28,488)	$ 412,623