



## Financial Highlights

### Guam Housing and Urban Renewal Authority (GHURA) Financial Audit Fiscal Year 2024

August 20, 2025

The Guam Housing and Urban Renewal Authority (GHURA) received an unmodified (clean) opinion in its Fiscal Year (FY) ended September 30, 2024, financial statements from independent auditors Ernst & Young, LLP (EY). However, GHURA received a qualified opinion on its Report on Compliance for each Major Federal Program for two out of four of its major federal programs, the Community Development Block Grants Cluster (CDBG) – Entitlement/Special Purpose Grants Cluster and Housing Voucher Cluster. GHURA received an unmodified opinion on the Supportive Housing for the Elderly Program and CDBG – Section 108 Loan Guarantees Program. In its report on the Schedule of Expenditures of Federal Awards (SEFA), EY opined that the SEFA is fairly stated, in all material respects in relation to the basic financial statements as a whole.

EY did not identify any material weaknesses or significant deficiencies in its report on internal control over financial reporting. However, in its report on compliance for each major federal programs, three material weaknesses were identified.

GHURA closed FY 2024 with a net position of \$20.0 million (M), a \$1.9M increase in net position compared to the prior year's net position of \$18.1M.

#### Revenues and Expenditures

In FY 2024, GHURA total revenues reached \$74.2M, an increase of \$9.3M and \$65.0M in FY 2023. The increase in revenue is mostly attributable to increases in operating grants from the U.S. Department of Housing and Urban Development (HUD) of \$9.9M and non-operating revenues of \$993 thousand (K), and partially offset by a \$2.1M decrease in federal capital grants. Total expenses increased by \$4.5M from \$67.8M in FY 2023 to \$72.4M in FY 2024. The increase in the total expenses is attributable to Housing Assistance Payments, which increased by \$1.2M from \$46.7M in FY 2023 to \$47.9M in FY 2024. This increase was a result of the increase in Section 8 Housing Choice vouchers leased for the period and due to higher unit month leasing costs. Additionally, other operating expenses increased by \$3.3M from \$20.5M in FY 2023 to \$23.8M in FY 2024.

#### Public Housing – Asset Management Properties (AMP)

GHURA's public housing aims to provide safe and affordable housing for lower-income families, elderly, and persons with disabilities. GHURA owns and manages 750 Public Housing units, consisting of four AMP. GHURA had an actual occupancy rate of 94% with 704 units occupied, and an adjusted occupancy rate of 96% with 26 units undergoing modernization at the end of FY 2024. GHURA received \$4.3M in Operating Subsidy funds for FY 2024.

#### Capital Fund Program

GHURA develops an annual Capital Improvement Plan to ensure its public housing inventory is a safe and habitable source of affordable housing. To implement the plan, GHURA receives an annual formula grant of \$3.2M through the Capital Fund Program.

HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis, used to make physical improvements to buildings and dwelling units owned by GHURA. Additionally, the funds are used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on GHURA's dwelling units to ensure cleanliness, safety, and good conditions. Operation support and improvements in the management and operation of GHURA are also funded by these grants.

Through the Public Housing Capital Fund Program, GHURA received \$250K from the Emergency Safety and Security Grant, in which CalPac, Inc. was awarded the contract to install high-definition/LPR cameras and equipment at AMP1 sites with high crime areas. GHURA also received \$5.0M from the Housing Related Hazards Capital Fund Program grant for addressing the education, training, testing, and mitigation of radon, mold, and moisture in the public housing units.

### **Section 8 Housing Choice Voucher (HCV) Program**

GHURA administers the federally-funded Section 8 HCV Program, providing rental assistance to low-income families, the elderly, and disabled participants to help afford decent, safe, and sanitary housing in the private market. The HCV Program creates a four-way partnership between the HUD, the Housing Authority, the owner, and the family to ensure consistency and an easy delivery of services.

GHURA administers a combined total of 2,723 HCV and special voucher programs. In FY 2024, the average utilization rate of vouchers is 96% and the housing assistance funding utilization rate is 102%. GHURA administers the following vouchers:

- 2,113 regular Housing Choice Vouchers
- 112 Project-based Vouchers
- 30 Mainstream Vouchers
- 175 Non-elderly Disabled Vouchers
- 130 Family Unification Program Vouchers (FUP)
- 76 Veteran Affairs Supportive Housing Voucher
- 87 Emergency Housing Vouchers (76 remaining housed)

GHURA established a waiting list for HCV programs in July 2020 using a lottery system. Over 64% of 1,800 applicants on the wait list have been served, and the remaining 36% will be served before 2024.

Some voucher leasing challenges for section 8 families are finding a decent, safe, and sanitary rental unit within the first 60 days, due to limited available units in the private market. Other challenges faced by families searching for a unit to rent is the inability to connect or maintain utilities due to the increase in cost of utilities. Furthermore, majority of landlords require a security deposit, which families cannot pay immediately. However, some landlords may offer a plan for families to pay the deposit in installments added to their monthly share.

### **Family Self-Sufficiency (FSS) Program**

The FSS provides support to both Section 8 HCV and Public Housing families to increase their earned income and reduce reliance on public assistance and rental subsidies. The Program

Coordinating Committee and FSS program work together to connect families with a number of services and resources provided by public and private sector organizations.

By the end of FY 2024, GHURA's FSS Program assisted 130 families, consisting of 100 Section 8 HCV participants and 30 Public Housing residents. During the year, 255 addendums were processed, and 32 new families were enrolled in the program. Of the families assisted, approximately 67% of Section 8 HCV families and 57% Public Housing families maintained active escrow balances, reflecting steady progress toward financial self-sufficiency. In addition, the program graduated seven families, who successfully completed all requirements of their Individual Training and Services Plans, to include their personal and financial goals. Collectively, the graduates received approximately \$39.5K in escrow disbursements, with an average payout of \$5.6K per household.

### **Supportive Housing for the Elderly (Guma Trankilidat Project)**

The Guma Trankilidat Project, an elderly housing rental program, comprises of 50 dwelling units. This was financed by a \$2.0M loan from the U.S. Department of Agriculture Section 515 Rural Rental Housing Program. Annual rental subsidies of about \$700K, provided through HUD's Multifamily Housing Program, cover operating expenses and mortgage payments.

Of the 50 dwelling units, a total of 28 units has been upgraded and completed to date, costing \$778K. In FY 2024, Phase V included eight units completed on March 29, 2024 totaling \$238K. Phase VI will include upgrades to four units for budgeted for FY 2025 and is to be completed in FY 2026 totaling \$211K.

### **Schedule of Expenditures of Federal Awards**

In FY 2024, GHURA was responsible for 16 direct programs with a total of \$89.6M in expenditures of federal awards funded by HUD. Of the \$89.6M, \$7.1M was passed through to sub-recipients. The top five expenditures recorded include (1) \$49.1M on Section 8 HCV, (2) \$12.0M on the CDBG Section 108 Loan Guarantees, (3) \$8.7M on CDBG – Entitlement/Special Purpose Grants Cluster, (4) \$6.9M on Public and Indian Housing, and (5) \$4.9M on HOME Investment Partnerships Program.

### **Schedule of Findings and Questioned Costs**

In its Report on Compliance for Each Major Federal Program, the independent auditors identified three material weaknesses which led to qualified opinions for two major federal programs, the CDBG – Entitlement/Special Purpose Grants Cluster and Housing Voucher Cluster.

#### **1. Finding 2024-001: CDBG – Entitlement/Special Purpose Grants Cluster**

Reported amounts in CDBG Reports (CDBG Financial Summary Report, CDBG-CV Financial Summary Report, CDBG Cash on Hand Quarterly Report, and CDBG-CV Cash on Hand Quarterly Report) did not agree with underlying accounting records. In one report, the records resulted in differences between the reported disbursements, total obligations and credit, and result in obligations for planning and administration (PA) activities exceeding the 20-percent ceiling. Furthermore, sub-awards amounting to roughly \$3.2M were not reported in the Federal Funding Accountability and Transparency Act Subaward Reporting System. This was a repeat finding from last fiscal year's finding 2023-001.

## **2. Finding 2024-002 and 2024-003: Housing Voucher Cluster**

- a. Finding 2024-002 found that unaudited amounts reported in the Financial Assessment Subsystem (FASS-PH) did not agree with underlying accounting records with variances ranging between \$37K to \$2.8M. This was a repeat finding from last fiscal year's finding 2023-003.
- b. Finding 2024-003 found that beginning balances of equity, including any adjustments per the FY 2024 Trial Balance, did not agree with the audited ending balances per the FY 2023 Single Audit Report. Variances ranged between \$36K to \$20.2M. This was a repeat finding from last fiscal year's finding 2023-004.

Based on EY's Summary Schedule of Prior Year Audit Findings, several prior year's audit findings remain unresolved, including FY 2023 (seven findings), FY 2022 (seven findings), FY 2021 (two findings), and FY 2017 (one finding).

### **Management Letter**

Independent auditors issued a Management Letter to GHURA that identified two findings and recommendations noted in the following:

- 1. Pension and OPEB Reconciliation:** GHURA's beginning net pension and OPEB balances did not align with the prior-year audited ending balances leading to unreconciled variances. This finding was corrected during the audit. It is recommended that management perform timely reconciliations of the beginning pension and OPEB balances.
- 2. Monitoring of Capital Assets Subledger:** GHURA's capital assets subledger did not agree to the balances in the trial balance, due to unrecorded construction in progress, incorrect classification of some depreciable and non-depreciable assets and unrecorded disposal of capital assets during the year. Management furnished the adjusting entries for correction of the differences. It is recommended that GHURA implements a regular reconciliation process on a monthly basis to promptly identify and resolve differences. In addition, the establishment of a systematic review of construction in progress will ensure accurate recording and timely recognition of completed projects as capital assets. Conducting a comprehensive review of asset classifications is crucial to ensure proper categorization of depreciable and non-depreciable assets as well as increasing the tracking and documentation of capital asset disposals.

For more details, refer to GHURA's FY 2024 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Report on Compliance for Each Major Federal Program and Internal Control Over Compliance, Management Letter, and Auditor's Communication With Those Charged With Governance at [www.opaguam.org](http://www.opaguam.org) and [GHURA's website](http://www.opaguam.org).