



## **Financial Highlights**

### **Chamorro Land Trust Commission Financial Audit**

### **Fiscal Year 2023**

January 30, 2026

As of September 30, 2023, the Chamorro Land Trust Commission (CLTC) ended with a fund balance of \$3.7 million (M), a \$527 thousand (K) net increase compared with the prior year's net fund balance of \$3.2M. This increase in fund balance reflects improved operating results compared to Fiscal Year (FY) 2022. CLTC closed FY 2023 in a stronger financial position driven by higher revenues and reduced deferred inflows. However, ongoing operational constraints, reliance on lease-related revenues, and infrastructure funding gaps remain areas identified by management for continued monitoring.

CLTC received an unmodified (clean) opinion in its FY 2023 financial statements from Ernst & Young, LLP (EY). Additionally, EY did not identify internal control deficiencies considered to be material weaknesses. The internal control recommendations identified are procedural in nature and are consistent with areas management has identified for continued strengthening of lease administration, revenue collection, and operational efficiency.

#### **Audit Delayed**

The FY 2023 financial audit was issued after the statutory deadline due to issues with CLTC's accounting software, which affected their ability to provide the necessary financial statements needed for EY to complete the audit.

#### **Operating Results**

Total revenues increased significantly to \$1.4M, up \$587K (71%) from FY 2022. Growth was driven primarily by: (a) increased lease rental revenues; (b) higher interest income resulting from elevated interest rates; and (c) Government of Guam appropriations received during the fiscal year. The growth in lease activity and interest income is consistent with CLTC's statutory role as a land-leasing entity. Lease processing delays or legal constraints that affect lease execution could materially impact future revenue stability.

Total expenditures increased by \$60K (or 7%) to \$893K in FY 2023. The increase was largely attributable to: (a) higher personnel costs, including a pay adjustment and the hiring of an Administrative Director; and (b) ongoing operational expenditures. Staffing increased from nine to 11 employees during FY 2023. Staffing increases during FY 2023 were associated with administrative and operational support needs and remain modest relative to CLTC's asset base and program responsibilities.

As a result, CLTC recorded a net increase in fund balance of \$527K, compared to a minimal decrease of \$353 in FY 2022.

## **Balance Sheet Structure**

Lease receivables and deferred inflows reflect long-term lease arrangements. Lease receivables were approximately \$5.3M, and deferred inflows of resources totaled \$5.2M. These balances represent future payments and unearned revenues, not immediately spendable cash. Cash and restricted cash totaled approximately \$2.9M, including amounts restricted to collateralize housing loan programs.

## **Loan Guarantee Program**

No new loan guarantees were issued during FY 2023. Outstanding guaranteed loans totaled approximately \$10.3M, compared to approximately \$10.5M in FY 2022. As of FY 2023, no losses have been recorded, and management reported no material exposure requiring recognition. Although no new guarantees were issued and no liability was recorded, the loan guarantee program remains a contingent exposure.

## **Report on Internal Control and Compliance and Management Letter**

The financial auditors did not identify any deficiencies in internal control that were considered to be material weaknesses. However, auditors identified certain internal control matters for management consideration:

- 1. Long Outstanding Commercial Lease Receivables:** As of September 30, 2023, 94% of CLTC's \$1.2M in commercial lease receivables were delinquent. Although an allowance for uncollectible accounts was established, auditors recommended enhancements to internal control procedures to support the timely collection and monitoring of commercial lease receivables.
- 2. Expired Commercial Lease Agreements:** CLTC continued to bill and collect payments for 12 different properties with expired commercial leases without formal extensions. Auditors recommended that CLTC formalize procedures to ensure timely execution of lease renewals or extensions for expired commercial leases.

## **Operational Challenges**

Operational issues persist despite improved financial results. The Management's Discussion and Analysis continues to identify lease processing delays, infrastructure limitations, and survey funding constraints. CLTC reported an inability to identify adequate funding sources for surveys and essential infrastructure within leased properties. Costs associated with surveys and utilities are often borne by lessees, which may affect program accessibility and equity.

## **Three-Year Trend**

Overall, the audit results reflect a financially stable organization with improved operating results during FY 2023. In contrast to FY 2022, when operating results reflected minimal net change, FY 2023 reflected a material improvement driven by increased revenues and continued cost containment. Compared to FY 2021 and FY 2022, FY 2023 reflects a return to stronger operating performance, driven by revenue growth and stabilized administrative capacity, while long-standing statutory and infrastructure constraints remain.

For more details, refer to CLTC's FY 2023 Financial Statements, Report on Internal Control and Compliance, Management Letter, and The Auditor's Communication with Those Charged with Governance at <https://www.opaguam.org/>.