

*Financial Statements, Required Supplementary
Information, Supplementary Information, and
Report on Internal Control and Compliance*

Chamorro Land Trust Commission

(A Governmental Fund of the Government of Guam)

Year ended September 30, 2022

with Report of Independent Auditors



Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Financial Statements, Required Supplementary
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Report on Internal Control and Compliance

Year ended September 30, 2022

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Report of Independent Auditors

The Board of Commissioners
Chamorro Land Trust Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chamorro Land Trust Commission (CLTC), a governmental fund of the Government of Guam (GovGuam), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CLTC's basic financial statements as listed in the table of contents (collectively referred to as the "basic financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the CLTC at September 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CLTC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the CLTC and are not intended to present fairly the financial position and results of operations of the Government of Guam in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLTC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CLTC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CLTC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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 CLTC's basic financial statements. The accompanying supplementary information of Combining Balance Sheet, Combining Statement of Revenues, Expenditures and Changes in Fund Balance, and the supplemental schedule of employees and salaries are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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 have also issued our report dated August 13, 2024, on our consideration of the CLTC'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 CLTC's internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CLTC's internal control over financial reporting and compliance.

Ernst + Young LLP

August 13, 2024

Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis

Year ended September 30, 2022

INTRODUCTION

Chamorro Land Trust Commission (CLTC) is a governmental fund of the Government of Guam (GovGuam), currently located at 590 South Marine Corps Drive, Ste. 222, ITC Building, Tamuning, Guam 96913.

The CLTC was created through Public Law (PL) 12-226 and enacted as Chapter 75 of Title 21, Guam Code Annotated. CLTC's primary mission was to lease Chamorro Homelands to native Chamorro as defined by the Organic Act. Although, the enactment of Public Law 35-112 and created of Chapter 75A of Title 21, Guam Code Annotated CLTC programs have been clearly distinguished as a land restoration program meant to rectify the unjust taking of Chamorro homelands by the United States federal government between 1898 and 1968.

On October 6, 2011, the Governor of Guam issued Reorganization Advisory No. 5, which was later superseded by Advisory No. 9, whereby the CLTC was merged into GovGuam's Department of Land Management (DLM) along with the Guam Ancestral Lands Commission. On January 16, 2019, the Governor of Guam issued Executive Order (EO) 2019-01 re-establishing the CLTC as a separate agency from DLM and the re-establishment of its Administrative Director position.

The CLTC's Management's Discussion and Analysis (MD&A) provides an overview of the CLTC's financial activities for the fiscal years ended September 30, 2022 and 2021. The information enclosed in the MD&A has been prepared by management and it should be read in conjunction with the financial statements and notes which follow this section.

1. Financial Highlights

- Total assets exceeded total liabilities and deferred inflows of resources by \$3,204,875 at September 30, 2022 as compared to \$3,205,228 at the end of the prior year.
- Total assets on September 30, 2022 increased by \$4,935,444 (or 124%) as compared to September 30, 2021.
- Total liabilities and deferred inflows of resources on September 30, 2022 increased by \$4,935,797 (or 639%) as compared to September 30, 2021.
- Total fund balance on September 30, 2022 decreased by \$353 (or 0.01%) as compared to September 30, 2021.
- Total revenues of \$832,301 for the year ended September 30, 2022 decreased by \$143,585 (or 15%) as compared to \$975,886 for the prior year. Total expenditures of \$832,654 for the year ended September 30, 2022 decreased by \$165,719 (or 17%) as compared to \$998,373 for the prior year. This resulted in a decrease in the fund balance of \$353 for the year ended September 30, 2022 as compared to a decrease of \$22,487 for the prior year.

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Management's Discussion and Analysis, continued

2. Overview of the Financial Statements

The CLTC's financial statements include all of the activities of the Chamorro Land Trust Operations Fund, the Chamorro Loan Guarantee Fund, and the Chamorro Land Trust Survey and Infrastructure Fund. The financial statements include a Balance Sheet as of September 30, 2022 and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the year then ended. Notes to the financial statements are additional information needed to provide further understanding of the basic financial statements.

3. Financial Statement Analysis

CLTC's Balance Sheets

The balance sheet discloses information on the CLTC's assets, liabilities and deferred inflows of resources, and fund balance at year-end. The condensed summary of the CLTC's balance sheets shown below as of September 30, 2022 as compared as of September 30, 2021.

	2022	2021	\$ Change	% Change
Assets:				
Cash and cash equivalents	\$ 2,338,826	\$ 2,097,029	\$ 241,797	12%
Receivables, net	72,454	673,764	(601,310)	(89)%
Leases receivable	5,610,292	-	5,610,292	100%
Due from GovGuam	18,944	334,393	(315,449)	(94)%
Restricted assets	872,609	872,495	114	0.01%
Total assets	\$ 8,913,125	\$ 3,977,681	\$ 4,935,444	124%
Liabilities:				
Accrued payroll and other liabilities	\$ 25,662	\$ 17,683	\$ 7,979	45%
Deferred inflows of resources:				
Leases	5,610,292	-	5,610,292	100%
Deferred revenues	72,296	754,770	(682,474)	(90)%
Total deferred inflows of resources	5,682,588	754,770	4,927,818	653%
Total liabilities and deferred inflows of resources	5,708,250	772,453	4,935,797	639%
Fund balance:				
Restricted	872,609	872,495	114	0.01%
Committed	2,302,969	2,327,168	(24,199)	(1)%
Assigned	29,297	5,565	23,732	426%
Total fund balance	3,204,875	3,205,228	(353)	(0)%
Total liabilities, deferred inflows of resources and fund balance	\$ 8,913,125	\$ 3,977,681	\$ 4,935,444	124%

Chamorro Land Trust Commission
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Management's Discussion and Analysis, continued

3. Financial Statement Analysis, continued

Total assets increased by \$4,935,444 (or 124%) in 2022 compared to 2021 primarily due to the increase in cash and cash equivalents, restricted assets and leases receivables due to the recognition of GASB 87 offset by the decrease in receivables and GovGuam interfund receivables. Receivable from GovGuam decreased due to settlement of interfund balances resulting from the timing of CLTC revenue collections and vendor payments recorded in GovGuam's General Fund.

Total liabilities and deferred inflows of resources increased by \$4,935,797 (or 639%) in 2022 compared to 2021 primarily due to the increase of accrued payroll liabilities and deferred inflows from leases offset by the decrease in deferred revenues. The decrease in deferred revenues and increase of deferred inflows from leases is primarily due to the implementation and recognition of GASB 87.

Total fund balance decreased by \$353 (or 0.01%) in 2022 compared to 2021 due to the difference between 2022 revenues earned and expenditures incurred compared to 2021.

CLTC's Statements of Revenues, Expenditures and Changes in Fund Balance

The statement of revenues, expenditures and changes in fund balance discloses information on the CLTC's revenues and expenditures for the year. The condensed summary of the CLTC's revenues and expenditures shown below for the year ended September 30, 2022 as compared with the year ended September 30, 2021.

	2022	2021	\$ Change	% Change
Revenues:				
Lease rentals	\$ 630,195	\$ 606,013	\$ 24,182	4%
Royalties	-	194,646	(194,646)	(100)%
Payment in lieu of real property taxes	165,473	163,910	1,563	1%
Land for the Landless program	5,888	9,420	(3,532)	(37)%
Interest income and other	30,745	1,897	28,848	1521%
Total revenues	832,301	975,886	(143,585)	(15)%
Expenditures:				
Salaries and wages - regular	411,492	526,591	(115,099)	(22)%
Salaries and wages - fringe benefits	160,670	228,637	(67,967)	(30)%
Building rent	124,390	124,390	-	0%
Capital outlays	47,943	4,963	42,980	866%
Contractual services	45,299	89,396	(44,097)	(49)%
Communications	4,270	4,667	(397)	(9)%
Supplies	2,004	2,674	(670)	(25)%
Miscellaneous and other	36,586	17,055	19,531	115%
Total expenditures	832,654	998,373	(165,719)	(17)%
Net change in fund balance	(353)	(22,487)	22,134	(98)%
Fund balance:				
Beginning of year	3,205,228	3,227,715	(22,487)	(1)%
End of year	<u>\$ 3,204,875</u>	<u>\$ 3,205,228</u>	<u>\$ (353)</u>	<u>(0.01)%</u>

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Management's Discussion and Analysis, continued

3. Financial Statement Analysis, continued

Total revenues decreased by \$143,585 (or 15%) from \$975,886 in 2021 to \$832,301 in 2022. The decrease in revenues for 2022 was primarily due to the decrease in royalty revenue. Lease rental revenues increased by \$24,182 (or 4%) from \$606,013 in 2021 to \$630,195 in 2022. Royalty revenues decreased by \$194,646 (or 100%). Collections from Land for the Landless decreased by \$3,532 (or 37%) from \$9,420 in 2021 to \$5,888 in 2022. The decrease was offset by increases in revenues from payment in lieu of taxes, land trust application fees and interest income and other.

Total expenditures decreased by \$165,719 (or 17%) from \$998,373 in 2021 to \$832,654 in 2022. The decrease in expenditures for 2022 was primarily due to a decrease in CLTC operational costs, which is a direct result of the CLTC not employing an Administrative Director for 2022.

4. Challenges and Accomplishments

The "Settlement Agreement between the United States of America and the Government of Guam," signed by the Governor of Guam and the CLTC on May 29, 2020, is a pivotal document. It underscores the CLTC program's role as a land restoration program, aimed at rectifying the unjust taking of Chamoru homelands by the United States federal government between 1989 to 1968. This agreement expands the program's eligible beneficiaries to include individuals and their descendants who owned land or ranches, farmed, or otherwise occupied the land taken. In essence, the settlement agreement has amended, modified, and revised specific classifications, added specific sections, and changed the eligibility requirements. It's important to note that any lease application that has not been processed and approved for a lease award prior to January 1, 2021 must now adhere to the eligibility requirements set forth in 21 GCA 75A to be an eligible beneficiary for the CLTC's residential or agricultural programs.

The CLTC administers about 33% of GovGuam's property, which was transferred to the CLTC through an administrative transfer in 1995. On September 30, 2022, the CLTC's land inventory totaled 11,666.88 acres. Of the total amount, 4,153.48 acres are in the south, 1,601.45 are in the central, and 5,911.95 are in the north. Furthermore, 3,274.98 acres of the CLTC inventory is unregistered property. The CLTC, by law, is prohibited from issuing any lease on unregistered property until a title of ownership is established through judicial land registration.

As of September 30, 2022, the CLTC has leased a combined total acreage of 3,048.35 for the residential and agricultural programs. However, operational challenges persist. During FY2022, the CLTC had to carry over the moratorium on the adjudication of all leases that have been deemed null and void by a legal opinion issued by the Office of the Attorney General on May 11, 2018. The proposed additional Board authority that would resolve most, if not all null and void leases as of September 30, 2022, has not been approved through the amendment of existing statutes.

Chamorro Land Trust Commission
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Management's Discussion and Analysis, continued

4. Challenges and Accomplishments, Continued

Also, during FY2022, the CLTC did not approve or execute any new commercial licenses or leases. The installation of the basic infrastructure and providing a property survey continued to be a challenge for CLTC. As of September 30, 2022, the CLTC was unable to identify a sufficient funding source to conduct surveys and install the basic utilities within the CLTC leased properties. The CLTC lessees continued to bear the high costs for surveying and utility connection fees.

In FY 2022, the CLTC did not issue any new loan guarantees. As of year-end September 30, 2022, the CLTC Home Loan Guarantee Program's contingent liability totaled \$10,475,749. Also, during FY2022, no guaranteed Home Loans were foreclosed due to nonpayment. However, the CLTC had guaranteed home loans beyond the Chamorro Loan Guarantee Funds' ability to provide reasonable security on the loans authorized.

At year-end September 30, 2022, the CLTC Board consisted of three (3) members, an Acting Administrative Director detailed from the Guam Housing Corporation, and a staffing level of ten (10) to perform the CLTC mission, mandates, and day-to-day operations. Furthermore, as a result of the assistance provided by the Bureau of Statistics and Plans in FY2022, the CLTC on June 23, 2022, was awarded \$239,693 of TAP grant funding from the Office of Insular Affairs to upgrade and develop the CLTC Information Technology Infrastructure.

5. Outlook

The CLTC Board of Commissioners and Administrative Director will continue to collaboratively work with the Administration to pursue and obtain federal grant assistance to pay for the cost of installing the basic infrastructure needs of leased properties. Furthermore, the Board and Administrative Director will continue to move in the direction of commencing the lease award process of the residential and agriculture programs.

6. Contacting the CHamoru Land Trust Commission Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the CLTC's finances and to show the CLTC's accountability and transparency for the money it receives. Questions concerning any of the information provided in this report or request for additional information should contact John T. Burch, Acting, Administrative Director at (671) 300-3296 or email john.burch@cltc.guam.gov.

Chamorro Land Trust Commission
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Balance Sheet

September 30, 2022

Assets

Cash	\$2,338,826
Receivables, net	72,454
Leases receivable	5,610,292
Due from GovGuam	18,944
Restricted assets:	
Cash	572,609
Time certificate of deposit	<u>300,000</u>
 Total assets	 <u>\$8,913,125</u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:	
Accrued payroll and other liabilities	\$ 25,662
Deferred inflows of resources:	
Leases	5,610,292
Deferred revenues	<u>72,296</u>
 Total liabilities and deferred inflows of resources	 <u>5,708,250</u>
 Fund balance:	
Restricted	872,609
Committed	2,302,969
Assigned	<u>29,297</u>
 Total fund balance	 <u>3,204,875</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$8,913,125</u>

See accompanying notes.

Chamorro Land Trust Commission
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Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended September 30, 2022

Revenues:	
Lease rentals:	
Commercial	\$ 627,721
Agricultural and residential	2,474
Payment in lieu of real property taxes	165,473
Collections from Land for the Landless program	5,888
Interest income	29,395
Land trust application fees	<u>1,350</u>
Total revenues	<u>832,301</u>
Expenditures:	
Salaries and wages - regular	411,492
Salaries and wages – fringe benefits	160,670
Building rent	124,390
Capital outlays	47,943
Contractual services	45,299
Communications	4,270
Supplies	2,004
Miscellaneous	<u>36,586</u>
Total expenditures	<u>832,654</u>
Net change in fund balance	(353)
Fund balance at beginning of year	<u>3,205,228</u>
Fund balance at end of year	<u>\$3,204,875</u>

See accompanying notes.

Chamorro Land Trust Commission
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Notes to Financial Statements

Year ended September 30, 2022

1. Organization

The Chamorro Land Trust Commission (CLTC), a governmental fund of the Government of Guam (GovGuam), was established by the Chamorro Land Trust Act of 1975 (Public Law 12-226) for the purpose of protecting and ensuring trust lands are awarded to eligible beneficiaries through residential, agricultural, and commercial leases. The CLTC is responsible for the disposition of Chamorro Homelands pursuant to mandates to advance the social, cultural and economic development and well-being of the Chamorro people.

The accompanying financial statements relate solely to those accounting records maintained by the CLTC, and do not incorporate any accounts related to other departments or agencies within GovGuam.

The CLTC is governed by a five-member Board of Commissioners appointed by the Governor of Guam. Two of the positions were vacant for the year ended September 30, 2022.

In 2011, the Governor of Guam issued Reorganization Advisory No. 5, which was later superseded by Advisory No. 9, whereby the CLTC was merged into the GovGuam Department of Land Management along with the Guam Ancestral Lands Commission. In 2019, the Governor of Guam issued Executive Order 2019-01 re-establishing the CLTC as a separate agency from DLM and the re-establishment of the CLTC Administrative Director position.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the CLTC's accounting policies are described below:

Measurement Focus and Basis of Accounting

The CLTC reports its financial position and the results of operations in governmental funds. A fund is a separate accounting entity with a self-balancing set of accounts. They are concerned only with the measurement of financial position and are not involved with measurement of results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Measurement Focus and Basis of Accounting, continued

The special revenue funds currently reported by the CLTC are as follows:

- The Chamorro Land Trust Operations Fund - this fund was created for the purpose of accounting for the receipt of all land use permits, monetary contributions and fees and for the payment of operational expenses associated with the CLTC.
- The Chamorro Loan Guarantee Fund - this fund was created for the purpose of accounting for applicable taxes on Chamorro Homelands collected by the GovGuam Department of Revenue and Taxation earmarked for loan guarantees issued by governmental agencies or lending institutions to eligible borrowers holding leases or licenses of Chamorro Homelands. During the year ended September 30, 2022, the GovGuam Department of Revenue and Taxation collected \$165,473 in real property taxes associated with Chamorro Homelands.
- The Chamorro Land Trust Survey and Infrastructure Fund - this fund was created for the purpose of accounting for the receipt of all proceeds from the sale of bull cart trails and land remnants and proceeds from the sale of land under the *Land for the Landless* program that will be used solely for the surveying of CLTC land and for the operational needs in support thereof. In 2015, the CLTC commenced collection of outstanding receivables from the Land for the Landless program as stipulated by Public Law 33-104. The law requires funds collected shall be deposited into the Chamorro Land Trust Survey and Infrastructure Fund. During the year ended September 30, 2022, the CLTC collected \$5,888, including interest charged, from the outstanding balances.

Basis of Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the CLTC considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

Significant revenues susceptible to accrual include revenue received from residential, agricultural, and commercial leases. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred.

Cash and Time Certificates of Deposit

The CLTC has the power and authority to invest and re-invest any of the money in any of its funds, not otherwise immediately needed for the purposes of the funds in such bonds and securities authorized in 5 GCA Chapter 21, Investments and Deposits. Custodial credit risk is the risk that in the event of a bank failure, the CLTC's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The CLTC does not have a deposit policy for custodial credit risk.

For the purposes of the balance sheet, cash is defined as cash in checking and savings accounts. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the balance sheet. As of September 30, 2022, the carrying amount and corresponding bank balances of the CLTC's cash and time certificates of deposit were \$3,211,435. Bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of \$250,000 were FDIC insured.

In accordance with 5 GCA 21, Investments and Deposits, the CLTC requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amount of monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2022, substantially all of the CLTC's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in the CLTC's name.

Receivables

Receivables are due from individuals and businesses residing on the island of Guam and are uncollateralized and non-interest bearing. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Leases Receivable

The CLTC acts as a lessor of various licenses for the use of trust lands. Leases with maximum terms of more than twelve months are recognized as lease receivables and deferred inflows from leases. Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, net of any estimated uncollectible amounts.

Interfund Receivables/Payables

During the course of CLTC operations, the GovGuam General Fund records transactions between individual funds for goods provided or services rendered. These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year.

Deferred Inflows of Resources

In the governmental fund financial statements, deferred inflows of resources consist of unavailable base and participation rent revenues, which is revenue that does not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting.

Fund Balance

Governmental fund balances are classified as follows:

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Restricted/committed amounts are spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit from doing this. In addition, committed, then assigned amounts of unrestricted fund balance are expended in that order. A formal minimum fund balance policy has not been adopted.

Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Management Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances

The CLTC utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. As of September 30, 2022, the CLTC has encumbrances of \$29,297.

Recently Adopted Accounting Pronouncements

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

During the year ended September 30, 2022, the CLTC implemented the following pronouncements:

- GASB Statement No. 87, *Leases*, which 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. As a result of the adoption of GASB Statement No. 87, CLTC has recognized, as a lessor, leases receivable and related deferred inflows of resources. Refer to Note 8 for accompanying footnote disclosure.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The implementation of this statement did not have a material effect on the accompanying financial statements.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- GASB Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB 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*, which increases consistency and comparability related to the reporting of fiduciary component units; mitigates costs associated with the reporting of certain pension plans and other postemployment benefit (OPEB) plans as fiduciary component units; and enhances 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. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 99, *Omnibus 2022*, which provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:
 - 1) Amends guidance in GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requiring that the accounting and financial reporting of Supplemental Nutrition Assistance Program (SNAP) transactions should follow the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended. These provisions were effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.

Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- 2) Requires disclosures related to nonmonetary transactions, in the notes to financial statements, of the measurement attribute(s) applied to the assets transferred rather than the basis of accounting for those assets. These provisions were effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.
- 3) Provides guidance on accounting for pledges of future revenues when resources are not received by the pledging government. The guidance addresses the process of blending a component unit created to issue debt on behalf of a primary government when that component unit is required to be presented as a blended component unit. This guidance was effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.
- 4) Provides clarification of provisions in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, related to the focus of the government-wide financial statements. This guidance was effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.
- 5) Provides terminology updates related to certain provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and terminology used in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. These updates were effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.
- 6) GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which amended GASB Statement No. 53 to address transition away from the London Interbank Offered Rate (LIBOR). GASB Statement No. 99 extends the period during which the LIBOR is considered an appropriate benchmark interest rate to when LIBOR ceases to be determined using methodology in place as of December 31, 2021. This guidance was effective upon issuance and the implementation did not have a material effect on the accompanying financial statements.

Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The primary objectives of this statement are to provide a single method 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 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 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.

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.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 99:

- 1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.
- 2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.
- 3) Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives effective for fiscal year ending September 30, 2023.
- 4) Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Effective for fiscal year ending September 30, 2023.
- 5) Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Effective for fiscal year ending September 30, 2023.
- 6) Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. Guidance is effective for fiscal year ending September 30, 2023.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

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

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

3. Risk Management

The CLTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the CLTC not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, CLTC management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, the CLTC reports all of its risk management activities in the Chamorro Land Trust Operations Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these policies during the year.

4. Receivables

Receivables as of September 30, 2022, including the applicable allowance for uncollectible accounts, are as follows:

Receivables:	
Commercial	\$1,287,713
Other	<u>33,776</u>
	1,321,489
Less allowance for uncollectible accounts	<u>(1,249,035)</u>
	\$ <u>72,454</u>

5. Restricted Assets

The CLTC maintains a savings deposit and time certificate of deposit as of September 30, 2022 in the amount of \$872,609 restricted to collateralize low-income housing loans funded by Rural Housing Service (RHS) through the Guam Housing Corporation. The Memorandum of Understanding signed with the RHS requires the CLTC to create and maintain an escrow account with an initial deposit of \$500,000. If the account falls below \$500,000, the CLTC shall deposit in the escrow account 5% of all RHS loans issued until such time that the account has reached \$500,000. No losses have occurred as a result of this collateralization arrangement in any of the past three fiscal years.

6. Related Party Transactions

The CLTC is a governmental fund of GovGuam and is therefore affiliated with all GovGuam-owned and affiliated entities, including all departments and agencies of GovGuam.

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

6. Related Party Transactions, continued

Certain developed land supported by a valid lease is held as investments in land and other real estate within a permanent fund of GovGuam. Such investment is recorded at fair value whereas other undeveloped land not supported by a lease is reported at historical cost. As of September 30, 2022, such land is valued at \$459,050,489, of which \$445,786,364 is held by the CLTC. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from leases associated with these investments are reported as revenues of the CLTC.

7. Significant Customers

The CLTC generates revenues from certain major customers that exceed 10 percent or more of the CLTC's total revenues. During the year ended September 30, 2022, the CLTC recognized revenues from a customer that represented approximately 47% of total revenues.

8. Leases

In accordance with GASB Statement No. 87, *Leases*, the CLTC, as a lessor, recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, with exceptions for short-term leases. The lease receivable is measured as the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relates to the future periods.

The CLTC has entered into agreements with various licensees for the use of trust lands for commercial, agricultural and residential purposes. The future minimum lease receipts under the remainder of these licensing agreements are as follows:

Year Ending September 30,	Base Rent	Interest	Total
2023	\$ 329,803	\$ 165,003	\$ 494,806
2024	334,162	155,309	489,471
2025	336,106	145,475	481,581
2026	356,689	135,635	492,324
2027	359,449	125,151	484,600
2028 - 2032	1,997,034	460,803	2,457,837
2033 - 2037	1,501,076	153,565	1,654,641
2038 - 2042	222,154	43,118	265,272
2043 - 2047	172,892	10,908	183,800
2048 - 2052	385	115	500
2053 - 2057	445	55	500
2058 - 2062	97	3	100
	<u>\$5,610,292</u>	<u>\$1,395,140</u>	<u>\$7,005,432</u>

Chamorro Land Trust Commission
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Notes to Financial Statements, continued

9. Contingencies

Loan Guarantee

The CLTC is authorized to loan or guarantee the repayment of or otherwise underwrite any authorized loan to a Chamorro homeland lessee up to a maximum amount not to exceed the financial ability of the borrower. In the event of default, these loan guarantees may shift the lender's default risk entirely to the CLTC whereby the lender may call upon the CLTC to make partial or full payment of the guaranteed loan. As of September 30, 2022, the CLTC has guaranteed loans totaling \$8,248,477 for Chamorro homeland residential lessees. CLTC management is of the opinion that defaulted loans may be reassigned and that the CLTC has substantial defenses available to it in the event of litigation. As a result, at this time, management does not believe that material exposure exists related to this event. Therefore, no provision for a liability that may arise from this matter has been made in the accompanying financial statements. No losses have occurred as a result of this collateralization arrangement in any of the past three fiscal years.

Litigation

CLTC is party to certain legal proceedings arising from governmental operations; however, the Attorney General of Guam is unable to assess the likelihood of potential liabilities related to claims outstanding as of September 30, 2022. Hence, it is not possible to predict a reasonable estimation of these claims and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

Supplementary Information

Chamorro Land Trust Commission
(A Governmental Fund of the Government of Guam)

Combining Balance Sheet
September 30, 2022

	Chamorro Land Trust Operations Fund	Chamorro Loan Guarantee Fund	Chamorro Land Trust, Survey and Infrastructure Fund	Combined Total	<u>Eliminating</u>	<u>Total</u>
<u>Assets</u>						
Cash	\$ 2,338,759	\$ -	\$ 67	\$ 2,338,826	\$ -	\$ 2,338,826
Receivables, net	65,551	6,903	-	72,454	-	72,454
Leases Receivable	5,482,029	-	128,263	5,610,292	-	5,610,292
Due from GovGuam	-	390,373	242,183	632,556	(613,612)	18,944
Restricted assets:						
Cash	-	572,609	-	572,609	-	572,609
Time certificate of deposit	-	300,000	-	300,000	-	300,000
Total assets	\$ 7,886,339	\$ 1,269,885	\$ 370,513	\$ 9,526,737	\$ (613,612)	\$ 8,913,125
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accrued payroll and other liabilities	\$ 10,513	\$ -	\$ 15,149	\$ 25,662	\$ -	\$ 25,662
Due to GovGuam	612,432	-	1,180	613,612	(613,612)	-
Total liabilities	622,945	-	16,329	639,274	(613,612)	25,662
Deferred inflows of resources:						
Leases	5,482,029	-	128,263	5,610,292	-	5,610,292
Deferred revenues	64,930	7,366	-	72,296	-	72,296
Total liabilities and deferred inflows of resources	6,169,904	7,366	144,592	6,321,862	(613,612)	5,708,250
Fund balance:						
Restricted	-	872,609	-	872,609	-	872,609
Committed	1,688,638	389,910	224,421	2,302,969	-	2,302,969
Assigned	27,797	-	1,500	29,297	-	29,297
Total fund balance	1,716,435	1,262,519	225,921	3,204,875	-	3,204,875
Total liabilities, deferred inflows of resources and fund balance	\$ 7,886,339	\$ 1,269,885	\$ 370,513	\$ 9,526,737	\$ (613,612)	\$ 8,913,125

Chamorro Land Trust Commission
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Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended September 30, 2022

	Chamorro Land Trust Operations Fund	Chamorro Loan Guarantee Fund	Chamorro Land Trust, Survey and Infrastructure Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Revenues:</u>				
Lease rentals:				
Commercial lease	\$ 619,426	\$ -	\$ 8,295	\$ 627,721
Agricultural and residential	-	-	2,474	2,474
Payments in lieu of real property taxes	-	165,473	-	165,473
Collections from Land for the Landless program	-	-	5,888	5,888
Interest income	25,424	174	3,797	29,395
Land trust application fees	1,350	-	-	1,350
Total revenues	<u>646,200</u>	<u>165,647</u>	<u>20,454</u>	<u>832,301</u>
<u>Expenditures:</u>				
Salaries and wages - regular	411,492	-	-	411,492
Salaries and wages - fringe benefits	160,670	-	-	160,670
Building rent	124,390	-	-	124,390
Capital outlays	14,253	-	33,690	47,943
Contractual services	45,299	-	-	45,299
Communications	4,270	-	-	4,270
Supplies	2,004	-	-	2,004
Miscellaneous	33,813	2,533	240	36,586
Total expenditures	<u>796,191</u>	<u>2,533</u>	<u>33,930</u>	<u>832,654</u>
Net change in fund balance	(149,991)	163,114	(13,476)	(353)
Fund balance at beginning of year	<u>1,866,426</u>	<u>1,099,405</u>	<u>239,397</u>	<u>3,205,228</u>
Fund balance at end of year	<u>\$ 1,716,435</u>	<u>\$ 1,262,519</u>	<u>\$ 225,921</u>	<u>\$ 3,204,875</u>

Chamorro Land Trust Commission
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Supplemental Schedule of Employees and Salaries
Year ended September 30, 2022

Salaries and wages – regular	<u>\$411,492</u>
Employees at end of year	<u>9</u>



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Chamorro Land Trust Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Chamorro Land Trust Commission (CLTC), which comprise the balance sheet as of September 30, 2022, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ernst + Young LLP

August 13, 2024