



Department of Chamorro Affairs
Dipåtamenton I Kaohao Guinahan Chamorro
FY 2023 Financial Highlights

February 20, 2025

The Office of Public Accountability (OPA) has released the Department of Chamorro Affairs Non-Appropriated Funds (DCANAF) Financial Statements, Report on Compliance and on Internal Control, Management Letter, and The Auditor's Communication with Those Charged with Governance for Fiscal Year (FY) 2023. The DCANAF ended FY 2023 with a net position of \$654 thousand (K), an increase of \$15K (or 2%) from \$639K in FY 2022.

Independent auditors Ernst & Young LLP issued a qualified opinion on the financial statements, identifying two material weaknesses in the DCANAF's internal control over financial reporting. These findings were relative to the Department of Chamorro Affairs (DCA) needing to hire a qualified accountant, a repeat finding from FY 2019 through FY 2022, and the necessity to properly account for lease transactions.

Combined Statements

The DCANAF's combined financial statements showed an increase in total revenues of \$36K (or 8%) from \$443K in FY 2022 to \$479K in FY 2023. The increase was primarily due to a rise in lease revenues by \$62K, which was a trend since FY 2021, largely from The Chamorro Village merchants and Wednesday Night Market vendors. Meanwhile, other revenue sources decreased by a total of \$26K from FY 2022, due to the reclassification of water usage charged to The Chamorro Village and the slow movement of book sales.

Total expenses increased by \$134K (or 41%) from \$330K in FY 2022 to \$464K in FY 2023. This increase was largely due to rises in contractual expenses by \$175K, miscellaneous expenses by \$21K, and supplies and equipment by \$18K. Contractual and supplies expenses increased due to leak repairs, HVAC maintenance and repairs, janitorial services, and grounds-keeping services to maintain all DCA properties. Miscellaneous expenses increased due to costs for '*Mes CHamoru*' by \$10K, training/education of \$4K, and miscellaneous lease of \$2K. Meanwhile, utilities expenses significantly decreased by \$101K due to The Chamorro Village's utility costs covered by DCA's appropriations.

The DCANAF is a culmination of NAF from the following divisions: (1) The Chamorro Village, (2) Guam Museum, (3) Research, Publication, and Training, and (4) President's Office. The main source of revenues for DCANAF comes from The Chamorro Village's leasing activities.

The Chamorro Village

The Chamorro Village, or *I Sengsong Chamorro* division, is responsible for the daily operations of the village to market local products, native culture, and traditions of Guam. The Village achieved an 84% occupancy in FY 2023. The increase in occupancy contributed to an increase in the Village's Change in Net Position by \$40K (or 45%), rising from \$89K in FY 2022 to \$130K in FY 2023. The DCA anticipates a 100% occupancy and an increase in local vendors for the Wednesday Night Market by the end of FY 2024.

The Guam Museum

The Guam Museum, or *I Faninadahen Kosas Guåhan*, serves as the official repository and custodian of historical artifacts relative to Guam's heritage, making them available for public viewing. In FY 2023, the Museum exhibitions were closed due to sustained damages from Typhoon Mawar. The Museum's Change in Net Position decreased by \$133K (or 781%), from \$17K in FY 2022 to a negative (\$116K) in FY 2023. The revenues earned this year totaled \$65K, which was insufficient in offsetting the \$180K in expenses.

The DCA anticipates the Museum will reach completion in repairs and a reopening by 2024. The Museum planned a rotating exhibition calendar with themes such as the Austronesian Art Exhibit, 80th Annual Liberation, and the 110th Year Anniversary of transportation, local commerce, and ocean resources of the early 1900s. The Museum's collection is expected to grow with the return of its artifacts and remnants currently housed at the Bishop Museum in Honolulu, Hawaii and the Marine Corps Base Camp Blaz, Dededo, Guam.

Research, Publication, and Training

The Research, Publication, and Training, or *Inaligao, Tinige', Yan Fina'nå'gue* division provides training, certifications, conferences, and seminars to promote further understanding of the CHamoru heritage. The division's Change in Net Position decreased by \$5K (or 64%), from \$8K in FY 2022 to \$3K in FY 2023. This change was primarily due to a decrease in book sales.

President's Office

The President's Office, or *Ufisinan I Mås Ge'Hilo'*, promotes the CHamoru culture within and outside of Guam, and oversees other departments within the DCA. The Office's Change in Net Position decreased by \$650 (or 61%), from negative (\$1K) in FY 2022 to negative (\$2K) in FY 2023. The Office did not earn any revenues this year while miscellaneous expenses increased by \$650.

Report on Internal Controls Over Financial Reporting

The independent auditors noted the DCA's lack of a qualified accountant and use of proper accounting for leases as material weaknesses. Similar to the conditions within the past four years, the absence of such personnel resulted in an inadequate process for the timely closing the ledgers and preparation of DCANAF's financial statements. Additionally, the DCA did not maintain a schedule to track all lease contracts and account for necessary adjustments. DCA recorded their lease revenues based on billings to lessees for the current year. The DCA agreed with the findings and expressed correcting them during FY 2024 with the assistance of the Department of Administration.

Management Letter

The independent auditors also identified other deficiencies in the DCA's internal controls, as follows.

- The DCA did not record prior year adjusting entries identified through the financial audit, which resulted in catch-up of adjustments for the net position beginning balance.
- Accounts receivables and payables had credit/debit balances and balances outstanding for more than a year.
- There was no segregation of duties between the preparation and posting of journal entries and the preparation of monthly bank reconciliations.

These comments were reiterative from FY 2022, highlighting the need for a qualified accountant to assist in management review.

For a detailed discussion of the DCANAF's operations, refer to the audit report at www.guamopa.org.