Financial Highlights
Guam Housing and Urban Renewal Authority Financial Audit
Fiscal Year 2025

July 12, 2026

The Guam Housing and Urban Renewal Authority (GHURA) received an unmodified (clean) opinion in its fiscal year (FY) 2025 financial statements from independent auditors Ernst & Young, LLP (EY). However, GHURA received qualified opinions on its Report on Compliance for Each Major Federal Program for four of its six major federal programs: the Community Development Block Grants Cluster (CDBG) – Entitlement/Special Purpose, HOME Investment Partnerships Program (HOME), Continuum of Care Program, and Public Housing Operating Fund. GHURA received an unmodified opinion on the Housing Voucher Cluster and Public Housing Capital Fund. EY also concluded that GHURA's Schedule of Expenditures of Federal Awards (SEFA) was fairly stated, in all material respects, in relation to the basic financial statements as a whole.

EY identified one material weakness in its report on internal control over financial reporting. Additionally, in its Report on Compliance for Each Major Federal Program, 11 material weaknesses and four significant deficiencies were identified.

GHURA closed FY 2025 with a net position of $22.4 million (M), a $2.4M increase from the prior year's net position of $20.0M.

Revenues and Expenditures
In FY 2025, GHURA's total revenues reached $77.6M, an increase of $3.4M from $74.2M in FY 2024. The increase was attributed to the increase in operating and capital grants of $2.6M, non-operating revenues of $1.6M, and a $260 thousand (K) increase in tenant rental revenue, partially offset by a $1.1M decrease in other operating revenues. Total expenses increased by $2.9M from $72.4M in FY 2024 to $75.3M in FY 2025. The increase was attributable to Housing Assistance Payments, which rose by $2.4M from $47.9M in FY 2024 to $50.3M in FY 2025 due to an increase in Section 8 Housing Choice Vouchers leased for the period and higher unit month leasing costs. Other operating expenses increased by $278K from $23.8M in FY 2024 to $24.0M in FY 2025.

Public Housing – Asset Management Properties (AMP)
In FY 2025, GHURA continued its mission to provide safe, decent, and affordable housing for low-income families, the elderly, and persons with disabilities, while strengthening efforts to promote resident self-sufficiency and community well-being. GHURA's 750 public housing units across the four AMPs remained a critical resource for Guam's most vulnerable households.

Overall, FY 2025 marked continued progress in stabilizing operations, modernizing aging units, strengthening resident services, and aligning GHURA's public housing program with federal requirements and long-term strategic goals. GHURA remains committed to preserving affordable housing opportunities for Guam's families while fostering pathways to self-sufficiency and community resilience.

Capital Fund Program (CFP)
GHURA develops an annual Capital Improvement Plan to ensure its public housing inventory is a safe and habitable source of affordable housing. Through the CFP, GHURA receives an annual formula grant of approximately $3.2M to implement this plan.

The U.S. Department of Housing and Urban Development (HUD) provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are primarily used to make physical improvements to buildings and dwelling units owned by GHURA. As of September 30, 2025, GHURA's Public Housing program maintained an adjusted occupancy rate of 97%, excluding units undergoing modernization. Vacant units requiring extensive rehabilitation beyond the scope of routine maintenance were deferred to modernization. At period end, approximately 47 units were under modernization.

In addition to its annual CFP allocation, GHURA received a $250K Emergency Safety and Security Grant (ESSG) and a $5M Housing-Related Hazards Capital Fund Program (HRHCFP) grant. The ESSG will fund the installation of high-definition security cameras and related equipment at AMP 1 sites with elevated crime rates. The HRHCFP grant will support activities to identify and address environmental hazards in public housing units, including education, training, testing, and mitigation related to radon, mold, and moisture.

Section 8 Housing Choice Voucher (HCV) Program
GHURA administers the federally-funded 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.

GHURA administers a combined total of 2,762 voucher programs including:

- 2,128 regular Housing Choice Vouchers
- 112 Project-based Vouchers
- 30 Mainstream Vouchers
- 175 Non-elderly Disabled Vouchers
- 130 Family Unification Program Vouchers (FUP)
- 100 Veterans Affairs Supportive Housing (VASH) Vouchers
- 87 Emergency Housing Vouchers (66 remaining housed)

In FY 2025, voucher utilization averaged 96%, while housing assistance funding utilization reached 108%.

In January 2025, GHURA established a new waiting list for the HCV Program through a lottery system, resulting in approximately 1,800 applicants on the waitlist. Due to HUD budget constraints and cost-saving measures, GHURA was directed to suspend the issuance of new HCV vouchers effective May 2025, with the exception of VASH and Project-Based Voucher programs. As a result, by December 2025, only 14% of applicants on the waiting list had been served.

HCV participants continue to face challenges in securing affordable, decent, safe, and sanitary rental housing due to the limited availability of units in Guam's private rental market. Many families require more than the initial 60-day search period to locate suitable housing, while participants with disabilities often need additional time because of the limited supply of ADA-accessible units. Families also encounter financial barriers, including utility connection fees and security deposit requirements that are difficult to afford. In addition, ongoing HUD budget constraints and required cost-saving measures have limited GHURA's ability to issue new vouchers, further affecting the program's capacity to assist eligible families.

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. During FY 2025, the program served 140 households, including 113 HCV participants and 27 Public Housing residents.

Program activity included 21 new enrollments and 228 addendums to support participant goal progression. Escrow participation remained strong, with 70% of HCV households and 73% of Public Housing households maintaining active escrow accounts. The program achieved 11 completions and distributed $53K in escrow disbursements, averaging a $4.8K payout per household. Overall, the program demonstrated continued progress in employment, income growth, and financial stability.

Community Development Funds

GHURA continued expanding affordable housing opportunities through federally funded programs, including the HOME, HOME-American Rescue Plan (HOME-ARP), Housing Trust Fund (HTF), and CDBG programs. These programs support first-time homebuyers, affordable rental housing development, and services for vulnerable populations.

During FY 2025, the Renewal Affordable Homes Program reviewed 132 applications, completed five leveraged loans through USDA partnerships, maintained compliance for 34 HOME-assisted households, and continued renovation efforts for foreclosed HOME-assisted properties. The HOME Rental Program advanced the acquisition and renovation of affordable rental properties, including a four-unit property in Agana Heights and a 21-unit complex in Yigo, with additional acquisitions under consideration. Both properties completed the final phase for procurement, with renovations scheduled to commence during FY 2026.

HOME-ARP and HTF programs continued to support affordable rental housing initiatives through partnerships with community organizations, including WestCare Pacific Islands. HOME-ARP project planning was completed for an eight-unit development serving qualifying populations with a preference for veterans, while HTF funds will support renovations of newly acquired rental properties for households below 30% of area median income. CDBG-supported rental properties in Malesso and Talofofo remain fully occupied, with renovation efforts underway. GHURA also continued to address Urban Renewal matters and provided housing counseling services to five individuals during the fiscal year.

Community Development Block Grant – Disaster Recovery (CDBG-DR)

Following Typhoon Mawar, GHURA achieved a major milestone in 2025 by completing and receiving HUD approval of its CDBG-DR Action Plan, establishing the framework for administering approximately $500.8M in disaster recovery funds.

The plan was developed based on a comprehensive unmet needs and mitigation assessment and is designed to address critical recovery priorities, including housing, infrastructure, economic revitalization, and hazard mitigation, across all 19 municipalities identified as Most Impacted and Distressed areas.

GHURA also completed extensive public outreach, incorporated stakeholder feedback into program design, and established the policies, procedures, and operational structure necessary for program implementation. The agency recruited and trained staff to support compliance with federal requirements and effective delivery of recovery initiatives. These efforts represent a significant advancement in Guam's long-term recovery and resilience following Typhoon Mawar.

Schedule of Expenditures of Federal Awards
In FY 2025, GHURA administered 18 direct federal programs, with $90.5M in expenditures for direct federal awards and $90.8M overall, including one passed-through grant. Of the total expenditures, $4.2M was passed through to subrecipients. The five largest federal programs by expenditures were: (1) $51.8M on Section 8 HCV, (2) $11.3M on the CDBG Section 108 Loan Guarantees, (3) $7.2M on Public Housing Operating Fund, (4) $5.6M on HOME Investment Partnerships Program, and (5) $4.2M on Public Housing Capital Fund.

Schedule of Findings and Questioned Costs
EY identified 16 audit findings, consisting of 12 material weaknesses and four significant deficiencies. Of these, one finding was specific to the financial statements, while the remaining 15 pertained to federal awards totaling $2.1M in questioned costs. This represents an increase of 13 total findings from FY 2024, which had a total of three findings, all which were material weaknesses. Key findings included:

1. **Financial Statement Finding (2025-001)**
   a. Finding 25-001 identified that GHURA improperly recognized loan and land acquisition transactions associated with a $12.2M loan liability from the Department of Administration. The loan liability was not recorded in the accounting records, land acquisitions totaling $4.9M were not capitalized as assets, and $6.7M was incorrectly recognized as both revenue and expense rather than as a liability and/or asset. In addition, $665K was recorded as unearned revenue instead of as part of the loan payable.

2. **Housing Voucher Cluster (2025-002 and 2025-003)**
   a. Finding 2025-002 found GHURA did not ensure timely completion of biennial Housing Quality Standard inspections for 12 (or 0.4%) of 2,894 housing units, resulting in noncompliance. This finding led to questioned costs totaling $195K.
   b. Finding 2025-003 found GHURA did not consistently use appropriate comparable units when determining rent reasonableness for seven (9%) of 80 participants tested. Comparable units were selected from outside the same market area as the proposed units, which was not consistent with GHURA's administrative plan.

3. **CDBG – Entitlement Grants Cluster (2025-004, 2025-005, and 2025-006)**
   a. Finding 2025-004 noted that amounts reported in GHURA's CDBG financial summary reports did not agree with the underlying accounting records, resulting in inaccuracies in reported disbursements and affecting Public Service and Planning and Administration cap calculations. This was reported as a repeat finding (2024-001).
   b. Finding 2025-005 identified that GHURA did not comply with Federal Funding Accountability and Transparency Act reporting requirements for two of four

subawards tested totaling $2.4M, because they were not reported in the Federal Subaward Reporting System. This was reported as a repeat finding (2024-001).

c. Finding 2025-006 found that GHURA did not maintain adequate supporting documentation, specifically pre-rehabilitation inspection reports or assessment records, to substantiate procedures performed and support compliance with applicable CDBG recordkeeping requirements. $133K in questioned costs were identified.

4. **<u>HOME Investment Partnerships (HOME) Program (2025-007, 2025-008, 2025-009, and 2025-010)</u>**
    a. Finding 2025-007 found GHURA did not comply with its underwriting procedures for one of the four HOME-assisted mortgagees tested, resulting in an ineligible participant receiving a $113K subsidy. The participant's housing expenses exceeded the 33% income threshold established under GHURA's Renewal Affordable Homes Program policy.
    b. Finding 2025-008 found that all four (or 100%) new mortgages, totaling $701K in subsidies, did not have final on-site inspections performed to confirm the housing met the appropriate property standards.
    c. Finding 2025-009 determined that the HOME Program did not have an approved underwriting policy in effect during FY 2025, resulting in non-compliance with federal requirements under 24 CFR 92.254(g). This was due to delays in formal review, update, and approval of Home Program policies.
    d. Finding 2025-010 found that GHURA did not comply with the Davis-Bacon and Related Acts requirements for three contractual labor contracts totaling $301K. This was due to failing to include the required contract clauses and failing to obtain weekly certified payrolls from contractors.

5. **<u>Continuum of Care (2025-011, 2025-012, and 2025-013)</u>**
    a. Finding 2025-011 found that expenditures and manual adjustment transactions were charged to Continuum of Care federal awards outside their approved periods of performance. Specifically, expenditures were charged before grant start dates and after grant end dates due to inadequate monitoring controls resulting in $15.9K in questioned costs.
    b. Finding 2025-012 found five (or 71%) out of seven subawards lacked evidence of verification of suspension and debarment testing, resulting in questioned costs of $289K.
    c. Finding 2025-013 found that three (or 60%) of five subawards lacked evidence of the required 25% matching contribution, resulting in questioned costs of $99K.

6. **<u>Public Housing Operating Fund (2025-014, 2025-015, and 2025-016)</u>**
    a. Finding 2025-014 identified multiple deficiencies in eligibility determinations for 13 out of 40 (or 33%) Public Housing participants tested, which included missing or incomplete sex offender registry checks, untimely or unsupported Enterprise Income Verification reports, lack of asset verification and immigration documentation, and errors in rent and utility allowance calculations.
    b. Finding 2025-015 identified multiple procurement deficiencies involving 21 (or 72%) of 29 transactions tested, including the lack of documentation to support that GHURA performed procedures such as verifications of debarment, suspensions, or

exclusion for contracting parties, independent cost estimate procedures prior to solicitation, and to support procurement transactions being conducted to demonstrate full and open competition. These conditions resulted in questioned costs totaling $207K.

c. Finding 2025-016 found that eight (or 14%) of 56 key line reporting items in its Utility Expense Level Formula Reports were reported inconsistently from prior audited report submissions. The errors resulted from inadequate reconciliation and supervisory review procedures.

Based on the Summary Schedule of Prior Year Audit Findings, unresolved findings remain from FY 2024 (four findings), FY 2023 (seven findings), FY 2022 (seven findings), and FY 2021 (two findings).

GHURA requested that the following statement be included in the audit highlights:
"The Authority was not given adequate time to review and respond to audit findings with which it did not concur to meet the June 30, 2026 Audited Financial Data Schedule (FDS) submission deadline. Despite trying to respond under these conditions, Ernst & Young was unable to follow up on findings the Authority disagreed with. A thorough review would require two weeks, which would further delay the audited FDS submission. Therefore, Management agreed to issue the audited Financial Statements as proposed."

Management Letter
EY issued a Management Letter identifying two areas requiring GHURA's attention:

1. **Pension and Other Post-Employment Benefits (OPEB) Reconciliation:** GHURA's beginning net pension and OPEB balances did not align with the prior-year audited ending balances, resulting in unreconciled variances. The issue was corrected during the audit. It was 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 depreciation expense and incorrect classification of some depreciable and non-depreciable assets during the year. Management furnished the adjusting entries for correction of the identified differences. GHURA was recommended to strengthen controls over the maintenance and reconciliation of the capital assets subledger by implementing a timely reconciliation process. In addition, GHURA should establish procedures to ensure depreciation expense is recorded accurately and consistently, maintain proper asset classifications, and perform regular reviews of capital asset records and related adjustments to promote the completeness, accuracy, and consistency of reported balances.

For additional information, refer to GHURA's FY 2025 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 and GHURA's website.