SINGLE AUDIT COMMITTEE

HIGHLIGHTS OF THE CNMI GOVERNMENT'S SINGLE AUDIT FOR FISCAL YEAR 2023

September 9, 2026

The Commonwealth of the Northern Mariana Islands (CNMI) Government's Fiscal Year (FY) 2023 audit reports were issued and released by its independent auditor, Ernst & Young, on July 17, 2026. This flash report provides a snapshot and condensed summary of the audit results. The full audit reports are available for viewing at **www.opa.cnmi.gov**.

FINANCIAL HIGHLIGHTS

A summary of the audit opinions on the financial statements is as follows:

OPINION UNIT	TYPE OF OPINION
Government Activities	Disclaimer
Aggregate Discretely Presented Component Units	Adverse
General Fund	Disclaimer
Grants Assistance Governmental Fund	Disclaimer
American Rescue Plan Act (ARPA) Governmental Funds	Disclaimer
Department of Public Lands Governmental Fund	Disclaimer
Aggregate Remaining Fund Information	Adverse

What This Means

- **Disclaimer**: A disclaimer means the auditors could not obtain enough evidence to issue an opinion.
- **Adverse**: An adverse opinion means the auditors reviewed the information and determined that it does not fairly present the government's true financial condition.

The root causes identified by the auditors that contributed to the disclaimer and adverse opinions:

Disclaimer of Opinion

- The CNMI could not provide sufficient appropriate audit evidence for the balances and financial activities of significant general ledger accounts due to inadequacies in accounting records. Therefore, the validity and accuracy of account balances could not be determined.
- The CNMI has not adopted GASB Statement No. 73, which requires full pension benefits to be recognized.
- The financial activities of the Department of Public Lands, a major governmental fund, were not included in the report.

Adverse Opinion

- The component units did not include the financial activities of the Commonwealth Healthcare Corporation (CHCC) and the Northern Marianas Housing Corporation (NMHC). CHCC's FY 2021 and NMHC's FY 2022 audits are currently in progress.
- Trust and pension-related funds (fiduciary funds) were also omitted from the totals. The latest audit of the fiduciary component units is for FY 2020.

STATEMENT OF NET POSITION (CONDENSED)

	FY 2023	FY 2022	Change
ASSETS:			
Current assets	$ 316,503,684	$ 455,755,669	$ (139,251,985)
Capital assets, net	157,248,143	156,353,853	894,290
Other noncurrent assets	6,844,133	6,544,813	299,320
Deferred outflows from cost of refunding debt	3,097,259	3,406,986	(309,727)
Deferred outflows of resources from pension	63,960,928	51,744,577	12,216,351
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 547,654,147	$ 673,805,898	$ (126,151,751)
LIABILITIES:			
Current liabilities	$ 596,951,882	$ 776,103,514.00	$ (179,151,632)
Net pension liability	298,734,191	360,867,220	$ (62,133,029)
Bonds payable	70,295,749	75,586,720	$ (5,290,971)
Deferred inflows of resources from leases	-	15,086,392	$ (15,086,392)
Other noncurrent liabilities	41,987,197	26,194,787	15,792,410
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 1,007,969,019	$ 1,253,838,633	$ (245,869,614)
NET POSITION:			
Net investment in capital assets	$ 90,049,653	$ 84,174,119	$ 5,875,534
Restricted	2,577,380	2,577,380	-
Unrestricted	(552,941,905)	(666,784,234)	113,842,329
TOTAL NET POSITION	$ (460,314,872)	$ (580,032,735)	$ 119,717,863

OVERALL ASSESSMENT

Decrease in assets attributable to the decrease in cash and receivables, resulting in the corresponding decrease in liabilities, i.e., debts and obligations. The decrease in liabilities is also due to adjustments to pension liability and omission of deferred inflows of resources from leases from the Department of Public Lands.

Scan to view the Report on the Audit of the Financial Statements.

Activities

CHANGES IN NET POSITION

Year Ended September 30	Government Activities Audited 2023		Government Activities Audited 2022		Change	
REVENUE						
Program Revenue	$	447,632,914	$	533,990,747	$	(86,357,833)
Taxes and Other General Revenue		211,696,005		198,066,095		13,629,910
TOTAL REVENUE	$	659,328,919	$	732,056,842	$	(72,727,923)
EXPENSES						
Health	$	127,318,505	$	112,827,577	$	14,490,928
General Government		91,931,024		148,420,424		(56,489,400)
Public Safety and Law Enforcement		95,510,382		90,058,904		5,451,478
Economic Development		70,884,484		114,273,671		(43,389,187)
Payments to Autonomous Agencies		42,580,743		88,989,930		(46,409,187)
Payment to Settlement Fund		36,057,903		38,000,000		(1,942,097)
Public Welfare		28,689,873		76,854,167		(48,164,294)
Community and Social Services		13,469,402		14,900,532		(1,431,130)
Lands and Natural Resources		13,219,168		19,217,244		(5,998,076)
Education		10,993,896		3,459,571		7,534,325
Judicial Branch		10,209,907		10,120,973		88,934
Legislative Branch		8,479,838		9,176,628		(696,790)
Principal Retirement		2,151,294		3,337,375		(1,186,081)
Interest and Fiscal Charges		6,068,680		985,869		5,082,811
Other Elected Officials		931,055		1,002,032		(70,977)
Pension Expense		543,102		350,646		192,456
TOTAL EXPENSES	$	559,039,256	$	731,975,543	$	(172,936,287)
Change in Net Position	$	100,289,663	$	81,299	$	100,208,364
Net Position - Beginning of Year as Previously Reported		(580,032,735)		(580,114,034)		81,299
Prior Period Adjustment		19,428,200		-		19,428,200
Net Position - Beginning of Year As Restated		(560,604,535)		(580,114,034)		19,509,499
Net Position - End of Year		(460,314,872)		(580,032,735)		119,717,863

REVENUE SHIFTS

Federal Contributions declined with the conclusion of pandemic-related programs, while local taxes and other general revenue **increased**.

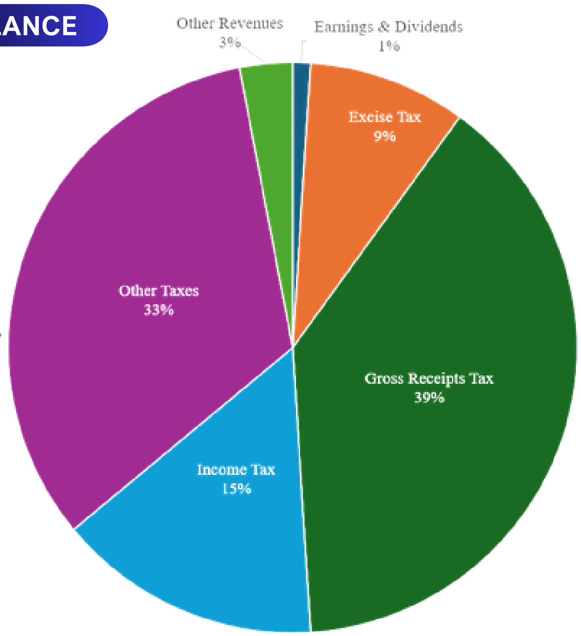
EXPENDITURE CONTROLS

Overall government spending **decreased** by **$172.9 million**, primarily reflecting the reduction in federal relief activities. Spending in core areas remained subject to budget restrictions implemented in the financial systems beginning in the second quarter of Fiscal Year 2023.

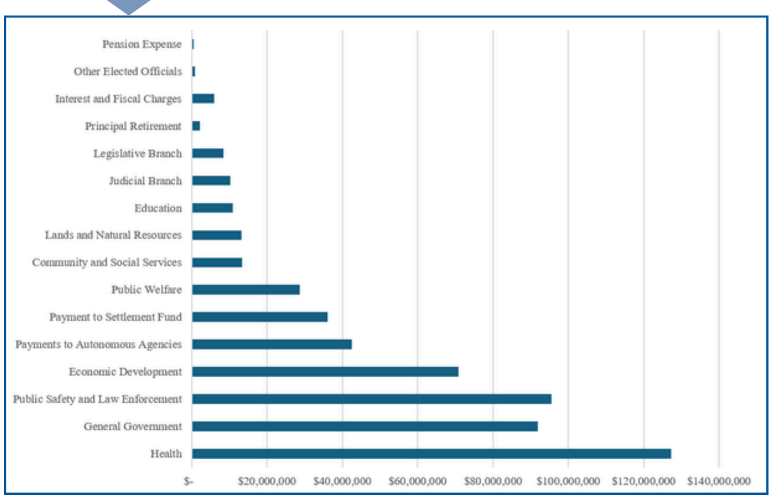
Expenditures for health, public safety and law enforcement, and education **increased**.

AT A GLANCE

TAXES & OTHER GENERAL REVENUE



EXPENSES



MAJOR FEDERAL PROGRAMS AND COMPLIANCE HIGHLIGHTS

For FY 2023, the audit identified and tested fourteen major programs. A summary of the opinions and questioned costs is as follows:

ASSISTANCE LISTING NUMBER	NAME OF FEDERAL PROGRAM OR CLUSTER	TYPE OF OPINION	QUESTIONED COSTS
10.539	CNMI Nutrition Assistance	Qualified*	$ 684,138
10.542	Pandemic EBT Food Benefits (P-EBT)	Disclaimer	16,635
11.307	Economic Adjust Assistance	Disclaimer	3,695,208
15.875	Economic, Social, and Political Development of the Territories	Qualified*	3,647,079
17.225	Unemployment Insurance (UI)	Qualified*	224,846
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Qualified*	--
21.023	Emergency Rental Assistance Program	Disclaimer	153,370
21.027	Coronavirus State and Local Fiscal Recovery Funds	Disclaimer	37,790,202
84.425H	Education Stabilization Fund-Governors (Outlying Areas)	Adverse	6,641,757
93.575 / 93.596	Child Care and Development Fund (CCDF) Cluster	Qualified*	179,829
93.767	Children's Health Insurance Program (CHIP)	Qualified*	7,808,322
93.778	Medicaid Assistance Program (Medicaid; Title XIX)	Qualified*	28,448,121
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Qualified*	7,656,893
*Material noncompliance issues noted with specific program requirements.		**TOTAL QUESTIONED COSTS:**	**$ 96,946,400**

Tests of major programs resulted in a total of $96.9M in questioned costs due to inadequate supporting documentation, noncompliance with program requirements or the terms and conditions of the grant award, and possible violations of statutes or regulations. The auditors attributed these questioned costs largely to procurement, suspension and debarment, eligibility, allowable costs, subrecipient monitoring, and special tests and provisions requirements. Notably, the Coronavirus State and Local Fiscal Recovery Funds (ARPA) and Medicaid made up the bulk of the amount at $37.7M and $36.2M, respectively.

The findings and questioned costs are reported to the grantor agencies, who will make the final determination to accept a corrective action plan or subject the entity to repercussions. See "Potential Consequences of Noncompliance." At September 30, 2023, the CNMI's cumulative questioned costs amounted to $349M. Refer to the Reports on Internal Control and Compliance for Federal Award Findings and Questioned Costs.

Potential Consequences of Noncompliance

Non-federal government entities, subject to a single audit, that do not adhere to the terms and conditions of a federal award, the US Constitution, federal statutes, or regulations may face repercussions from their respective federal awarding agency. These repercussions or actions may include:

- Temporarily withholding cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement actions by the Federal awarding agency or pass-through entity.
- Disallowing (denying both the use of funds and any applicable matching credit for) all or part of the costs associated with activities or actions that are not in compliance.
- Wholly or partially suspending or terminating the Federal award.
- Initiating suspension or debarment proceedings as authorized under 2 CFR part 180 and federal awarding agency regulations (or, in the case of a pass-through entity, the entity may recommend that a federal awarding agency initiate such proceedings).
- Withholding further federal awards for the project or program.
- Implementing other legally available remedies.

MOVING FORWARD

The FY 2023 Single Audit was released nearly three years after the fiscal year it covers and over two years past the reporting deadline (June 30, 2024) to the Federal Clearinghouse. Federal oversight bodies, including the Office of Insular Affairs, have set expectations for the CNMI to catch up on its audit backlog.

The CNMI government has established a formal plan for addressing outstanding audit reporting requirements.

Projected Completion Dates

FY2024 AUDIT
November 2026

FY2025 AUDIT
March 2027

This report was compiled by the **Single Audit Committee**.
For inquiries, please email **mail@opacnmi.com**.