

Management Letter

Guam Housing and Urban Renewal Authority
(A Component Unit of the Government of Guam)

Year ended September 30, 2024

August 15, 2025

Ms. Elizabeth F. Napoli
Acting Executive Director
Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, GU 96910

Dear Ms. Napoli:

In planning and performing our audit of the financial statements of the Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2024 (on which we have issued our report dated August 15, 2025), in accordance with 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, we considered GHURA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control. Accordingly, we do not express an opinion on the effectiveness of GHURA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies that we wish to bring to your attention.

Pension and OPEB Reconciliation (*Reiteration of Prior Year Comment*)

Condition:

As of September 30, 2024, GHURA's beginning net pension and OPEB balances did not agree to the prior-year audited ending balances resulting in unreconciled variances. Such was corrected during the audit.

Recommendation:

We recommend management perform timely reconciliations of the beginning pension and OPEB balances.

Monitoring of Capital Assets Subledger

Condition:

During our audit, the team noted that the capital assets subledger did not agree to the balances in the trial balance. The differences are mainly due to unrecorded construction in progress, incorrect classification of some depreciable and non-depreciable assets and unrecorded disposal of capital assets during the year. The management provided the adjusting entries to correct the differences.

Recommendation:

We recommend implementing a regular reconciliation process on a monthly basis to promptly identify and resolve any differences. Additionally, a systematic review of construction in progress (CIP) should be established to ensure accurate recording and timely recognition of completed projects as capital assets. It is also essential to conduct a comprehensive review of asset classifications to ensure proper categorization of depreciable and non-depreciable assets, along with enhancing the tracking and documentation of capital asset disposals.

This communication is intended solely for the information and use of management and the Board of Commissioners of GHURA, others within the organization, and the Guam Office of Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst & Young LLP