

*The Auditor's Communication With Those Charged  
With Governance*

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

*Year Ended September 30, 2022*





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September 25, 2023

Board of Commissioners  
Guam Housing and Urban Renewal Authority  
117 Bien Venida Avenue  
Sinajana, Guam 96910

We have performed an audit of the financial statement of the Guam Housing and Urban Renewal Authority (GHURA), as of and for the year-ended September 30, 2022, 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, and have issued our report thereon dated September 25, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, "*The Auditor's Communication With Those Charged With Governance*", and other applicable auditing standards.

This communication is intended solely for the information and use of GHURA's Board of Commissioners and management and the Office of Public Accountability of Guam, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

## **REQUIRED COMMUNICATIONS**

### **Auditor’s responsibility under GAAS, including our discussion of the type of auditor’s report we are issuing and the circumstances that affect the form and content of our auditor’s report, if applicable**

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on GHURA’s financial statements for the year-ended September 30, 2022.

An audit of financial statements includes consideration of internal control over financial reporting 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 the entity’s internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

### **Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the January 2023 meeting.

### **Matters relevant to our evaluation of the entity’s ability to continue as a going concern**

We did not identify any events or conditions that led us to believe there was substantial doubt about GHURA’s ability to continue as a going concern.

### **Our views about the qualitative aspects of the entity’s significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included by the management in footnote 2 of the financial statements.

We are not aware of any significant accounting policies used by GHURA in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management’s process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor GHURA's operations. These budgets include determining how existing financial resources will be used in GHURA's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

As of September 30, 2022, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

**Related party relationships and transactions**

We noted no significant matters regarding GHURA's relationships and transactions with related parties.

**Changes to the terms of the audit with no reasonable justification for the change**

We are not aware of any matters that require communication.

**Significant unusual transactions**

We are not aware of any significant unusual transactions executed by GHURA.

**Difficult or contentious matters subject to consultation outside of the audit team**

None.

**Material corrected misstatements related to accounts and disclosures**

Refer to "Management Representations Letter" in Appendix A.

**Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial**

Refer to "Management Representations Letter" in Appendix A.

**Significant deficiencies and material weaknesses in internal control over financial reporting**

Other matters identified during the course of our audit have been included in our separately issued management letter dated September 25, 2023.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

**New accounting pronouncements**

No issues have been identified with regard to management's adoption of GASB Statement No. 87 – *Leases*.

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

**Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention**

We are not aware of any matters that require communication.

**Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no material disagreements with GHURA's management on financial accounting and reporting matters during the audit.

**Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

**Other material written communications with management**

None.

**Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with GHURA or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

### **Representations from management**

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

### **Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management**

We are not aware of any matters that require communication.

### **Engagement team's involvement with preparation of the financial statements**

Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified EY Partner who was not otherwise involved in the audit.
- All adjusting journal entries that EY posted to the statement of GHURA account have been approved by management of GHURA.
- The preparation of the financial statements is based on GHURA's statement of GHURA account with the understanding that underlying books and records are maintained by GHURA's accounting department and that the final statement of GHURA account prepared by GHURA is complete.
- GHURA's coordinator has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

**Other findings or issues regarding the oversight of the financial reporting process**

There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

## Appendix

A – Management Representations Letter



A – Management Representations Letter



# GHURA

Guam Housing and Urban Renewal Authority  
Aturidat Ginima' Yan Rinueban Siudad Guahan  
117 Bien Venada Avenue, Sanjana, GU 96910  
Phone: (671) 477-9851 Fax: (671) 300-7565 TTY: (671) 472-3701  
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**Lourdes A. Leon Guerrero**  
Governor of Guam

**Joshua F. Tenorio**  
Lt. Governor of Guam

**John J. Rivera**  
Chairman

**Nathanael P. Sanchez**  
Vice Chairman

**Anisia S. Delia**  
Commissioner

**Frank T. Ishizaki**  
Commissioner

**Emilia F. Rice**  
Commissioner

**Karl E. Corpus**  
Resident Commissioner

**Elizabeth F. Napoli**  
Executive Director

**Fernando B. Esteves**  
Deputy Director

September 25, 2023

Ernst & Young LLP  
231 Ypao Road  
Suite 201  
Tamuning, Guam 96913

In connection with your audits of the basic financial statements of the Guam Housing and Urban Renewal Authority, (the Authority) as of September 30, 2022 and for the year then ended, and the related notes to the financial statements we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

### *Management's responsibilities*

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated December 1, 2022 for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to

A – Management Representations Letter, continued



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Letter of Representations

going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for 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. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatement (including those related to supplementary information), summarized in the accompanying schedules, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole and to the supplementary information. Refer to the “Schedule of Uncorrected Misstatement” in Appendix A.

***Corrected misstatements***

We have reviewed and approved the adjustment, summarized in the accompanying schedule, and reflected this adjustment in the financial statements. Refer to the “Schedule of Corrected Misstatement” in Appendix B.

***Internal control***

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

There have been no significant changes in internal control since September 30, 2021.

A – Management Representations Letter, continued



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***Minutes and contracts and internal audit reports***

The dates of meetings of shareholders, directors, committees of directors and important management committees from on October 1, 2021 to October 31, 2022 are as follows:

- October 8, 2021
- October 22, 2021
- November 12, 2021
- November 26, 2021
- December 10, 2021
- December 27, 2021
- January 14, 2022
- February 25, 2022
- March 11, 2022
- April 8, 2022
- May 20, 2022
- June 6, 2022
- June 24, 2022
- July 8, 2022
- July 26, 2022
- August 23, 2022
- September 13, 2022
- September 27, 2022

We have made available to you all minutes of the meetings of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

Except for right-to-use another entity's nonfinancial asset (the underlying asset), the Authority has satisfactory title to all assets appearing in the statement of net position.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged, except as disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the statement of net position.

***Receivables and revenues***

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

***Long-lived assets (asset groups) to be held and used***

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

***Fair value measurements***

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 – as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72 – as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 – as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Events of default under debt agreements***

No events of default have occurred with respect to any of the Authority's debt agreements

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB 62 as amended. There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, Contingencies other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 – as amended.

***Oral or written guarantees***

There are no oral or written guarantees including guarantees of the debt of others.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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***Purchase commitments***

At September 30, 2022, the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 and 2021 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that the Authority's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

***Independence***

We have communicated to you the names of all the Authority's affiliates, officers and directors. We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority's audits.

***Conflicts of interest***

There are no instances where any officer or employee of the Authority has an interest in a company with which the Authority does business that would be considered a "conflict of interest." Such an interest would be contrary to the Authority's policy.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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***Other information***

We confirm that we have not identified any other information as defined in AICPA AU-C 720, The Auditor's Responsibilities Relating to Other Information Included in Annual Reports.

***Effects of new accounting principles***

As discussed in Note 2 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the following codifications provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

The Government is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its balance sheet and the changes in its fund balance when such statements are adopted.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on the Management's Discussion and Analysis on pages 4 through 23, as well as the Schedules of Proportionate Share of the Net Pension Liability on pages 66 through 68, the Schedule of Pension Contributions on page 69, the Schedule of Proportionate Share of the Total OPEB Liability on page 70 and the Schedule of OPEB Employer Contributions on page 71 be presented to supplement the financial statements. which have been measured and presented in conformity with the guidelines and/or objectives established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Going concern***

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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Letter of Representations

***Pension and other postretirement benefits***

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

We have disclosed to you all significant postretirement benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

***Other representations***

We have identified and disclosed to you all provisions of laws, and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments.

Components of Net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

Deposits are properly classified in the category of custodial credit risk.

Provisions for uncollectible receivables have been properly identified and recorded.

Capital assets are properly capitalized, reported, and, if applicable, depreciated.

Revenues and expenses are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues, non- operating revenues and expenses.

The Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

The Authority has complied with all aspects of contractual agreements that may have an effect on the financial statements except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.



A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
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No department or agency of the Authority has reported a material instance of noncompliance to us except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.

Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

Financial instruments with significant individual or group concentration credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements. The Authority has disclosed whether, subsequent to September 30, 2022, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.

We believe that all expenditures that have been deferred to future periods are recoverable. We have no intention of terminating our participation in the GovGuam Retirement plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.

All additions to The Authority's property accounts consist of replacements or additions that are properly capitalizable.

There were no items of physical property contained in the property accounts of The Authority that were either (a) abandoned or (b) out of service and not regarded as either (i) standby property or equipment or (ii) property held for use only temporarily out of service.

We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

***Other matters***

We have received a draft copy of the financial statements of the Authority as of and for the year ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of the Authority. You have assisted in the preparation of the Authority's financial statements based on the information in the Authority's trial balance and accounting records. It is our understanding that

- The Authority's underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete; and
- Management of the Authority has designated a competent representative to oversee our services and that there are Authority's personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
September 25, 2023  
Letter of Representations

*Subsequent events*


Subsequent to September 30, 2022 no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Authority's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and cash flows of the Authority.

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We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the Authority, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

  
\_\_\_\_\_  
Elizabeth F. Napoli  
Executive Director

  
\_\_\_\_\_  
Frances Danieli  
Controller

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
September 25, 2023  
Letter of Representations

Appendices

- A - Schedule of Corrected Misstatements
- B - Schedule of Uncorrected Misstatements
- C - Subsequent Events

A – Management Representations Letter, continued



Guam Housing and Urban Renewal Authority  
September 25, 2023  
Letter of Representations

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity:		Period ended:		Currency:						
GHURA		30-Sep-2022		USD						
Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement affect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit) Non taxable
AJE01	T0100	To correct beginning net position								
		Net Position					(45,231)			
		Other income							45,231	X
AJE02	M0100	This accounts was just used to track the origination fees paid by GHURA from inception up to 9/30/2022					242,126			
		160.2290.00.0.000.00.0 SECTION 108 UNEARNED REVENUE-NO								
		160.2322.00.0.000.00.0 SECTION 108 NONCURRENT CONTRA D		(242,126)						
AJE03	M0100	To reclassify current portion of section 108 loans payable					467,000			
		160.2321.00.0.000.00.0 - SECTION 108 LOANS PAYABLE-NONC								
		160.2322.00.0.000.00.0 CURRENT INSTALLMENT LT DEBT			(467,000)					
AJE04	P0400	To record the adjustment to pension amounts based on the September 30, 2022 audited pension schedules								
		Deferred outflow of resources: Pension		(1,019,465)		0				
		Net pension liability				2,707,879				
		Deferred inflows of resources: Pension				(1,354,541)				
		Pension Expense							(333,643)	X
AJE05	P0000	To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2022								
		Deferred Outflow - OPEB		(403,610)		1,580,209				
		Deferred Inflow - OPEB								
		Total collective OPEB liability					(2,164,266)			
		Retiree supplemental and health benefits							677,657	X
AJE06	P0000	To record retiree healthcare costs paid on behalf of GHURA.								
		Retiree healthcare costs							169,760	X
		Transfers from GovGuam							(169,760)	X
AJE07	E0100	To reclassify current portion of note receivables								
		Notes receivables - current	467,000							
		Notes receivables - noncurrent		(467,000)						
AJE08	P0400	To record the COLA and supplemental annuity payments made by GovGuam on behalf of GHURA.								
		Retiree healthcare costs and other pension benefits							162,224	X
		Transfers from GovGuam							(162,224)	X
AJE09	N0100	To reclassify non-exchanged transaction to unearned revenue								
		Accounts Payable Trade			249,528					
		Unearned Revenue			(249,528)					
<b>Total of corrected misstatements before income tax.</b>			<b>467,000</b>	<b>(2,132,231)</b>	<b>1,113,209</b>	<b>(91,762)</b>	<b>(45,231)</b>	<b>0</b>	<b>669,045</b>	
Financial statement amounts			0	0	0	0	0	0	0	
Effect of corrected misstatements on FIS amounts			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

A – Management Representations Letter, continued



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Appendix B – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Communication schedule for uncorrected misstatements												
Entity:		GUHRA		Period Ended:		30-Sep-2023		Currency:		USD		
No.	WP ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description.)</small>	Analysis of misstatements Debit/Credit						Effect on the current period OCI		Income statement effect of the prior period	
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non-taxable	Prior period Debit/(Credit)	Non-taxable
<b>Factual misstatements:</b>												
SAD 02	ED100	To necessary GASB 57 lease liability to deferred inflow of resources					454,091					
		Unearned Revenue					(454,091)					
		Deferred inflow of resources										
SAD 03	ED100	To correct recording of bad debt expense on uncollectible utility deposits							139,727	X		
		Bad debt expense										
		Other income - tenant reimbursements							(139,727)	X		
<b>Judgmental misstatements:</b>												
SAD 01	AD100	To record additional provision for reserves									348,000	X
		Provision for AR allowance										
		Advance for Doubtful Accounts	(348,000)									
<b>Total of uncorrected misstatements before income tax</b>			(348,000)	0	0	0	0	0	0	0	348,000	0
<b>Total of uncorrected misstatements</b>			(348,000)	0	0	0	0	0	0	0	348,000	0
<b>Financial statement amounts</b>												
<b>Effect of uncorrected misstatements on FIS amounts</b>			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Memo: Total of non-taxable items (marked 'X' above)</b>											348,000	0
<b>Uncorrected misstatements before income tax</b>									0.0%		348,000	0
<b>Less: Tax effect of misstatements at current year marginal rate</b>											0	0
<b>Uncorrected misstatements in income tax</b>											0	0
<b>Cumulative effect of uncorrected misstatements after tax but before turnaround</b>									0.0%		348,000	0
<b>Turnaround effect of prior period uncorrected misstatements</b>												
<b>All factual and projected misstatements:</b>												
<b>Judgmental misstatements (Note 3):</b>												
<b>Cumulative effect of uncorrected misstatements, after turnaround effect</b>									0.0%		348,000	0
<b>Current year income before tax</b>												

A – Management Representations Letter, continued



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Appendix C – Subsequent Events

GHURA  
Subsequent Events Questionnaire  
Coverage: For the period from October 1, 2022 to auditor's report

Question	Response Yes or No	If yes, please provide additional information
1 Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements?	No	
2 Have there been any new significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?	No	
3 Have there been any significant changes that occurred in trends of grant revenue or expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities or unearned income)?	No	
4 Have there been any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?	No	
5 Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?	No	
6 Were there any significant unusual or non-recurring adjustments been recorded (or are necessary)?	No	
7 Were there any communications, written or oral, occurred with the regulatory agencies (including Federal granting agencies and the Government of Guam or any of its agencies) with which the entity files financial statements or seeks federal assistance/grants form?	No	
8 Were there any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?	No	
9 Are you aware of any fraud or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?	No	
10 Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority?	No	

*Frances Daniel*  
Frances Daniel, Controller

9/25/23  
Date