Management Letter

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

Year ended September 30, 2025

Shape the future
with confidence

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

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

Shape the future
with confidence

July 2, 2026

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, 2025 (on which we have issued our report dated July 2, 2026), 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.

Guam Housing and Urban Renewal Authority
Management Letter

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

Condition:

As of September 30, 2025, 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
(*Reiteration of Prior Year Comment*)

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 depreciation expense, incorrect classification of some depreciable and non-depreciable. The management provided the adjusting entries to correct the differences.

Recommendation:

We recommend that management strengthen controls over the reconciliation and maintenance of the capital assets subledger and its alignment with the trial balance. This may include implementing a formal and timely reconciliation process between the subledger and the general ledger, with documented review and approval. Additionally, management should enhance procedures to ensure depreciation expense is accurately and consistently recorded, and that capital assets are properly classified between depreciable and non-depreciable categories in accordance with applicable accounting standards. Periodic reviews of asset records and related adjustments will help ensure completeness, accuracy, and consistency of reported balances.

****

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