

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

**Guam Housing Corporation**  
(A Component Unit of the Government of Guam)

*Year ended September 30, 2021*





Ernst & Young LLP  
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March 16, 2022

The Board of Directors  
Guam Housing Corporation

We have performed an audit of the financial statements of Guam Housing Corporation (the Corporation), a component unit of the Government of Guam, as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States 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 March 16, 2022.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

## **REQUIRED COMMUNICATIONS**

Professional standards require the auditor to provide the Board of Directors (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the Corporation is responsible. We summarize these required communications as follows:

### **Overview of the planned scope and timing of the audit**

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated October 2, 2020 and at our audit planning meeting with management.

### **Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)**

The financial statements, required supplementary information and supplementary information are the responsibility of the Corporation's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

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 express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

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

Our audit strategy is consistent with the plan communicated during the August 2021 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 the Corporation's ability to continue as a going concern.

### **Our views about the qualitative aspects of the Corporation'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 other than the adoption of Government Accounting Standards Board Statement No. 84 – *Fiduciary Activities* as disclosed in Note 1 of the basic financial statements.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

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.

### **Significant findings and issues arising during the audit relating to related parties**

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

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

None.

### **Significant unusual transactions**

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

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

None.

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

Refer to “Summary of Corrected Misstatement” in Appendix A.

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

Certain uncorrected misstatement accumulated by us were identified during the audit and pertaining to the latest period presented, which were determined by the Corporation’s management to be immaterial, both individually and in the aggregate, to the financial statements as a whole (see Appendix B – Summary of Uncorrected Misstatement).

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

No material weaknesses have been identified.

**Fraud and 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**

Management is still assessing the impact of adopting GASB Statement No. 87 – *Leases*.

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

None.

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

None.

**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 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.

### **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 the Company 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 we are requesting from management**

See letter of representations related to the audit in Appendix C.

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

Under GAS 2011 Revision, Chapter 3 General Standards, Paragraph 3.34 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 who possesses suitable skill, knowledge or experience and that the individual understands 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 control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on the Corporation's trial balance with our understanding that the Corporation's underlying books and records are maintained by the Corporation's accounting department and that the final trial balance prepared by the Corporation is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Corporation.
- The Corporation's Accounting Manager has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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This report is intended solely for the information and use of the Board of Directors and management. It is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Ernst + Young LLP*

## Appendix

A – Summary of Corrected Misstatement

B – Summary of Uncorrected Misstatement

C – Management Representations Letter

Appendix A – Summary of Corrected Misstatement

Communication schedule for corrected misstatements

Entity: Guam Housing Corporation Period ended: 30-Sep-2021 Currency: USD

Corrected misstatements No. W/P ref.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements				Income statement effect of the current period
		Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	
		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)

AJEO P0600 To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2020						
	Deferred Outflow - OPEB		107,008			
	Deferred Inflow - OPEB				7,185	
	Total collective OPEB liability				511,624	
	Retiree supplemental and health benefits					(625,817)

Total of corrected misstatements before income tax	0	107,008	0	518,809	0	(625,817)
Financial statement amounts	13,672,050	29,764,465	(1,162,350)	(18,519,003)	(23,755,162)	(433,526)
Effect of corrected misstatements on F/S amounts	0.0%	0.4%	0.0%	-2.8%	0.0%	144.4%

Management's representation:  
The above adjustment were discussed with us and we agree to record them:

Edith Pangelitan 3/16/22 Date  
Alysia Leon Guerrero, Accounting Manager 3/16/2022 Date

Appendix B – Summary of Uncorrected Misstatement

Communication schedule for uncorrected misstatements

Entity: Guam Housing Corporation Period Ended: 30-Sep-2021 Currency: USD

No.	W/F ref.	Account (Note 1)	Analysis of misstatements				Effect on the current period OCI		Income statement effect of the current period		Income statement effect of the prior period	
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Prior period Debit/(Credit)
Uncorrected misstatements												
(misstatements are recorded as journal entries with a description)												
Reclassification misstatements:												
SAD-01		CO200	To reclass TCDs with original maturities of more than 3 months from cash equivalents to investments.									
			640,000									
			Investments, restricted									
			1,325,000									
			Investments, unrestricted									
			(640,000)									
			Cash and cash equivalents, restricted									
			(1,325,000)									
			Cash and cash equivalents, unrestricted									
Total of uncorrected misstatements before income tax			0	0	0	0	0	0	0	0	0	
Total of uncorrected misstatements			0	0	0	0	0	0	0	0	0	
Financial statement amounts			13,972,050	20,764,465	(1,182,350)	(18,519,003)	(23,756,182)	643,520	0	176,122	0	
Effect of uncorrected misstatements on FIS amounts			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Memo: Total of non-taxable items (marked 'X' above)												
Uncorrected misstatements before income tax									0.0%			
Less: Tax effect of misstatements at current year marginal rate												
Uncorrected misstatements in income tax												
Cumulative effect of uncorrected misstatements after tax but before turnaround												
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:												
Judgmental misstatements (Note 3):												
Cumulative effect of uncorrected misstatements, after turnaround effect									0.0%			
Current year income before tax												
Current year income after tax												

Management's representation:  
We believe that the effects of any uncorrected misstatement, summarized in the above schedule, accumulated by you during the current audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Edith Pangelinan, President      3/16/22      Date

Alysa Leon Jones, Accounting Manager      3/16/2022      Date

Appendix C – Management Representations Letter



GUAM HOUSING CORPORATION

*P.O. Box 3457, Hagåtña, Guam 96932*

March 16, 2022

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

In connection with your audits of the basic financial statements Guam Housing Corporation (the Corporation) as of September 30, 2021 and 2020 and for the years 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 Guam Housing Corporation 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 October 2, 2020, 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.

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 Corporation from whom you determined it necessary to obtain evidence

*590 S. Marine Corps Drive, Ste. 514 ITC Building, Tamuning, Guam 96913  
Telephone Number (671) 647-4143/46 • Fax Number (671) 649-4144*

Appendix C – Management Representations Letter, continued

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

From February 19, 2021 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 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.

**Audits performed in accordance with Government Auditing Standards**

We recognize that we are responsible for the Corporation's compliance with laws, regulations, and provisions of contracts that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

**Uncorrected misstatement**

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.

**Internal control**

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

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2021.

Appendix C – Management Representations Letter, continued

**Minutes and contracts**

The dates of meetings of shareholders, directors, committees of directors and important management committees from October 1, 2020 to March 16, 2022 are as follows:

- October 16, 2020
- November 13, 2020
- December 18, 2020
- January 29, 2021
- March 5, 2021
- March 17, 2021
- April 29, 2021
- May 28, 2021
- July 2, 2021
- July 30, 2021
- August 26, 2021
- October 01, 2021
- October 29, 2021
- December 10, 2021
- January 26, 2022

We have made available to you all minutes of the meetings of shareholders, 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.

**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.

We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements due to the COVID-19 pandemic.

**Ownership and pledging of assets**

Except for assets capitalized under capital leases, the Corporation has satisfactory title to all assets appearing in the statements of net position. 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 Corporation has satisfactory title appear in the statements of net positions (except assets leased to others under sales-type, direct financing or leveraged leases).

**Receivables and revenues**

Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the statement of net position dates, goods shipped on consignment, or other types of arrangements not constituting sales. Receivables have

Appendix C – Management Representations Letter, continued

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 dates in respect of sales and services rendered prior to that those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at those dates.

We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.

**Loans and allowance for credit losses in the loan portfolio**

Appropriate provision has been made for credit losses in the Corporation’s loan portfolio that has been incurred as of the statement of net position dates. Our estimate of expected credit losses includes consideration of past events, current conditions and forecasts of future economic conditions. Significant assumptions used by us in estimating the allowance for credit losses are reasonable and supportable.

The Corporation has no loans in the financial statements that should be classified as held for sale. The Corporation has the positive intent and ability to hold for the foreseeable future or until maturity or payoff all loans that are classified as held for investment.

Loans are correctly described in the financial statements, in all material respects, and represent valid claims against the debtors indicated arising on or before the dates indicated in the financial statements. Our disclosures related to the credit quality of financing receivables and the allowance for credit losses are complete and adequate.

**Long-lived assets to be held and used, including amortizable intangible assets**

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets 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 methodologies 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.

Appendix C – Management Representations Letter, continued

**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.

Transactions with related parties as defined in GASB Statement No. 56—as amended, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration have been properly recorded and disclosed in the 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 Corporation'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 Statement No. 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 have a material effect on 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, 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.

Appendix C – Management Representations Letter, continued

**Oral or written guarantees**

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

**Purchase commitments**

At September 30, 2021 and 2020 the Corporation had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2021 and 2020 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

**Fraud**

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

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Corporation'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 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 disclosed to you all allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Corporation.

**Independence**

We have communicated to you the names of all the Company's affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between the Corporation 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 considered to be independent for purposes of the Corporation's audit.

**Conflicts of interest**

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

Appendix C – Management Representations Letter, continued

**Effects of new accounting principles**

As discussed in Note 1, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 91
- GASB Statement No. 93
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97

As discussed in Note 1, the Corporation is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the results of its operations 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 14, schedule of proportionate share of net pension liability on pages 53, 55 and 57, the schedule of contributions on pages 54, 56, 58 and 60 and the schedule of proportionate share of other postemployment benefits liability on page 59, which have been measured and presented in conformity with the guidelines established by the GASB 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. We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

**Other Supplementary information**

We are responsible for the preparation and fair presentation of the following schedules (the "supplementary information"):

- Schedule 9 – Combining Statement of Net Position
- Schedule 10 – Combining Statement of Revenues, Expenses and Changes in Net Position
- Schedule 11 – Salaries, Wages and Benefits
- Schedule 12 – First-time Homeowner Assistance Program

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

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

Appendix C – Management Representations Letter, continued

**Going concern**

The Corporation's ability to continue as a going concern was evaluated and appropriate disclosures are made in the financial statements as necessary under GASB requirements.

**Pension 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.

**Postemployment benefits other than pensions**

We have disclosed to you all significant postemployment 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 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 and tax levies and refunds.

The financial statements include all fiduciary activities as required by GASB Statement No.84.

All funds that meet the quantitative criteria in GASB Statement No. 34, as amended by GASB Statement No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

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

Provisions for uncollectible receivables have been properly identified and recorded.

Special and extraordinary items are appropriately classified and reported.

Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.

Investments, and land and other real estate held are properly valued.

Appendix C – Management Representations Letter, continued

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

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available is appropriately disclosed and net assets were properly recognized under the policy.

The Corporation is in compliance with post issuance requirements as specified in the Internal Revenue Code, including but not limited to the areas of arbitrage and private business use, for each of its outstanding bond issues.

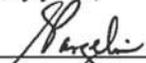
***Subsequent events***

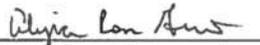
Subsequent to September 30, 2021, no events or transactions, including events related to the COVID-19 pandemic, have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Corporation's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, results of operations or cash flows of the Corporation.

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We understand that your audits were conducted in accordance 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 and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the Corporation as a whole, 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,

 3/16/22  
\_\_\_\_\_  
Ms. Edith Pangolinan, President

 3/16/2022  
\_\_\_\_\_  
Ms. Alysia Leon Guerrero, Accounting Manager