

December 29, 2014

Ms. Anita F. Orlino
Chairperson
Guam Ancestral Lands Commission

Dear Ms. Orlino:

We have performed an audit of the financial statements of the Guam Ancestral Lands Commission (the "Commission") as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated December 29, 2014.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Commission is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated September 26, 2014. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the Commission's financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information for the year ended September 30, 2013, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the financial statements is presented fairly, in all material respects, in relation to the financial statements taken as a whole; and
- To report on the Commission's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2013, based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Commissioners are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Commissioners of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Commission's 2013 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts. During the year ended September 30, 2013, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendices A and B to Attachment II, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and previous periods presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

MATERIAL CORRECTED MISSTATEMENTS

Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. We have attached to this letter, as Attachment I, a summary of misstatements corrected by management.

SIGNIFICANT ACCOUNTING POLICIES

The Commission's significant accounting policies are set forth in Note 2 to the Commission's 2013 financial statements. During the year ended September 30, 2013, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by the Commission:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively.

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which do not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position.

The implementation of these pronouncements did not have a material effect on the financial statements of the Commission.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Commission's 2013 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2013.

SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant issues requiring communication to the Board of Commissioners.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Commission's management and staff and had unrestricted access to the Commission's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Commission's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Commission is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment II, a copy of the representation letter we obtained from management.

EMPHASIS-OF-MATTER PARAGRAPH

As discussed in Note 1 to the financial statements, the financial statements of the Commission present only the Guam Ancestral Lands Commission and are not intended to present fairly the financial position and results of operations of the Government of Guam in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

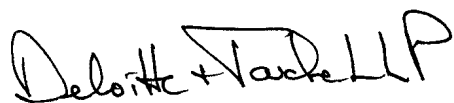
CONTROL-RELATED MATTERS

We have issued a separate report to you, also dated December 29, 2014, containing certain matters involving the Commission's internal control over financial reporting that we consider to be material weaknesses or significant deficiencies under standards established by the American Institute of Certified Public Accountants, and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. Although we have included management's written responses to our comments contained in that report, such responses have not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

* * * * *

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

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

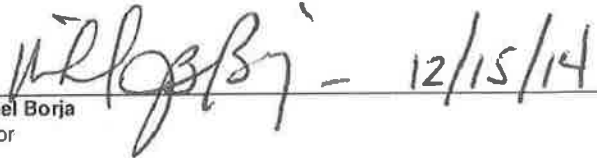
Journal Entries - AJE

#	Name	Debit	Credit
OPERATIONS FUND:			
1 AJE To record PY audit adjustments			
1003	BOH Operations (A/C 0038-231057)	840.25	-
7000	Fund balance-Operations Fund	-	840.25
		<u>840.25</u>	<u>840.25</u>
2 AJE To record bank transactions			
1003	BOH Operations (A/C 0038-231057)	-	397.24
8200	Transfer in	-	1,500.00
8004	Other revenue	-	266.00
8109	Withdrawals	2,163.24	-
		<u>2,163.24</u>	<u>2,163.24</u>
LAND BANK TRUST FUND:			
1 AJE To record PY audit adjustments			
1001	BOH Land Bank Trust (A/C 6838-000217)	77,675.82	-
7001	Fund balance-Land Bank Trust	-	2,443,140.03
2200	Deferred revenue	-	27,804.20
1101	Allowance for doubtful accounts	-	35,400.00
1100	Accounts receivable	372,204.20	-
2300	Security deposits payable	-	127,213.20
1300	Due from GEDA	127,213.20	-
2400	Due to GEDA	-	44,187.00
1004	Coast 360 Land Bank Trust (A/C 236454)	2,100,651.21	-
		<u>2,677,744.43</u>	<u>2,677,744.43</u>
2 AJE To record bank transactions			
1001	BOH Land Bank Trust (A/C 6838-000217)	46.61	-
8003	Interest income	-	6,987.50
8000	Base Rent revenue	-	728,489.80
8001	Participation Rent revenue	-	18,310.87
1004	Coast 360 Land Bank Trust (A/C 236454)	753,741.56	-
		<u>753,788.17</u>	<u>753,788.17</u>
3 AJE To gross up lease revenues			
8110	GEDA management fees	126,134.41	-
8000	Base Rent revenue	-	121,556.70
8001	Participation Rent revenue	-	4,577.71
		<u>126,134.41</u>	<u>126,134.41</u>
4 AJE To reverse A/R and deferred revenue			
2200	Deferred revenue	27,804.20	-
1100	Accounts receivable	-	336,804.20
8000	Base Rent revenue	309,000.00	-
		<u>336,804.20</u>	<u>336,804.20</u>
5 AJE To correctly record GEDA accrual			
2400	Due to GEDA	28,273.46	-
8110	GEDA management fees	-	28,273.46
		<u>28,273.46</u>	<u>28,273.46</u>

Journal Entries - AJE

#	Name	Debit	Credit
6 AJE To record CY A/R and deferred revenue			
8000.1	Base Rent revenue - Matson	-	24,804.20
2200	Deferred revenue	-	16,000.00
1101	Allowance for doubtful accounts	-	28,147.64
1100	Accounts receivable	155,431.06	-
8000.6	Base Rent revenue - GEPA	-	64,000.00
8000.3	Base Rent revenue - KwikSpace	-	6,479.22
8000.7	Base Rent revenue - DPHSS	-	16,000.00
		<u>155,431.06</u>	<u>155,431.06</u>
7 AJE To record additional security deposit			
2300	Security deposits payable	-	5,000.00
1300	Due from GEDA	5,000.00	-
		<u>5,000.00</u>	<u>5,000.00</u>
8 AJE To record GASB 13 receivable			
2200	Deferred revenue	-	53,967.82
1100	Accounts receivable	53,967.82	-
		<u>53,967.82</u>	<u>53,967.82</u>
9 AJE To record accrued interest on TCD			
6003	Interest income	-	14,650.68
1102	Accrued interest receivable	14,650.68	-
		<u>14,650.68</u>	<u>14,650.68</u>
LANDOWNERS RECOVERY FUND:			
1 AJE To record PY audit adjustments			
1002	BOH Landowners Recovery (A/C 6838-000071)	10,848.38	-
7002	Fund balance-Landowners Recovery Fund	-	10,848.38
		<u>10,848.38</u>	<u>10,848.38</u>
2 AJE To record bank transactions			
1002	BOH Landowners Recovery (A/C 6838-000071)	-	1,495.34
8003	Interest income	-	4.66
8201	Transfer out	1,500.00	-
		<u>1,500.00</u>	<u>1,500.00</u>

We have reviewed the above audit adjustments and authorize that they be recorded in the general ledger as of September 30, 2013. Such adjusting entries are the result of errors and are not the result of fraud or illegal acts.


 Michael Borja
 Director

BOARD OF
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Suite 733 ITC Building
Tamuning, GU 96913Mailing Address:
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(671) 649-LAND (5263)
ext. 680/681Facsimile:
671-649-5383DIPĀTTAMENTON MINANEHAN TĀNO'
(Department of Land Management)KUMISION I TĀNO' SAINA-TA
(Guahan Ancestral Lands Commission)EDDIE BAZA CALVO
GovernorRAY TENORIO
Lieutenant GovernorMICHAEL J.B. BORJA
DirectorDAVID V. CAMACHIO
Deputy Director

December 29, 2014

Deloitte & Touche LLP
Certified Public Accountants
361 South Marine Corps Drive
Tamuning, GU 96913

Gentlemen:

We are providing this letter in connection with your audits of the balance sheets of the Guam Ancestral Lands Commission (GALC), a governmental fund of the Government of Guam, as of September 30, 2013 and 2012, and the related statements of revenues, expenditures, and changes in fund balances for the years then ended, which collectively comprise the GALC's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances of the GALC in conformity with generally accepted accounting principles (GAAP) in the United States of America.

We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements of financial position and results of operations in conformity with GAAP.
- b. The design, implementation, and maintenance of programs and controls to prevent and detect fraud, including fraud related to federal awards.
- c. Establishing and maintaining effective internal control over financial reporting.
- d. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for a general-purpose government obtained from the Government Finance Officers Association.

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.



We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:
 - a. Deposits are properly classified in the category of custodial credit risk.
 - b. Required supplementary information is measured and presented within prescribed guidelines.
 - c. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
 - d. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.
2. The GALC has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. The GALC has provided you:
 - a. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - b. Summaries of actions of legislation passed by the Government of Guam's legislative body as pertaining to the GALC.
 - c. Financial records and related data for all financial transactions of the GALC and for all funds administered by the GALC. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the GALC and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - d. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
4. There has been no:
 - a. Action taken by GALC management that contravenes the provisions of federal laws and local laws and regulations, or of contracts and grants applicable to the GALC.
 - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix A.

6. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior-year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2012 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.
7. The GALC has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the GALC and do not believe that the financial statements are materially misstated as a result of fraud.
8. We have no knowledge of any fraud or suspected fraud affecting the GALC involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the GALC received in communications from employees, former employees, analysts, regulators, or others.
10. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*, except as disclosed in note 8 to the financial statements.
11. Significant assumptions used by us in making accounting estimates are reasonable.
12. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

Except where otherwise stated below, matters less than \$6,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

13. Except as described in Appendix A and Appendix B, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
14. The GALC has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

15. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).
 - b. Guarantees, whether written or oral, under which the GALC is contingently liable.
16. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
17. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
18. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
19. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements.
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
20. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as disclosed in note 8 to the financial statements.
21. The GALC 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.
22. The GALC has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.


23. No department or agency of the GALC has reported a material instance of noncompliance to us.
24. The GALC has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
25. No events have occurred after September 30, 2013, but before the date of this letter, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.
26. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information.
 - b. The required supplementary information is measured and presented in accordance with the Governmental Accounting Standards Board.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
27. Regarding supplementary information:
 - a. We are responsible for the fair presentation of the supplementary information in relation to the basic financial statements taken as a whole.
 - b. We believe the supplementary information, including its form and content, is fairly presented in relation to the basic financial statements taken as a whole.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
28. Management is aware of its requirement to disclose whether, subsequent to September 30, 2013, 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. However, we represent to you that no such disclosure has been made as no such changes in internal control or such other factors have occurred.
29. During the year ended September 30, 2013, the GALC implemented the following pronouncements:
 - GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this pronouncement did not have a material effect on the financial statements.
 - GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The implementation of this pronouncement did not have a material effect on the financial statements.

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this pronouncement did not have a material effect on the financial statements.
 - GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The implementation of these pronouncements did not have a material effect on the financial statements.
30. In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the GALC.
31. In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of the GALC.
32. In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of the GALC.

34. In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions in Statement 70 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of the GALC.
35. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before September 30, 2013 and 2012 and have been appropriately reduced to their estimated net realizable value.
36. Quantitative and qualitative information regarding the allowance for doubtful accounts has been properly disclosed in the financial statements.
37. The GALC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The GALC has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Very truly yours,

Signed: 
MICHAEL J.B. BORJA
Title: Director

Signed: 
Joseph B. Cruz, Jr.
Title: Administrative Officer

**GUAM ANCESTRAL LANDS COMMISSION
APPENDIX A
SUMMARY OF UNCORRECTED MISSTATEMENTS
SEPTEMBER 30, 2013**

	Assets	Liabilities	Other Equity	Income
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
To correct overstatement of fringe benefit costs	2,190			(2,190)
To correct overstatement of salaries and wages costs	5,106			(5,106)
Total	7,296			(7,296)

**GUAM ANCESTRAL LANDS COMMISSION
APPENDIX B
SUMMARY OF UNCORRECTED MISSTATEMENTS
SEPTEMBER 30, 2012**

	Assets	Liabilities	Other Equity	Income
	Dr.(Cr)	Dr.(Cr)	Dr (Cr)	Dr (Cr)
To correct understatement of GEDA liability		(3,976)		3,976
Total		(3,976)		3,976