

Messages & Communications Doc. No. 38GL-26-1909 through 1912.

From 38th Committee On Rules <committeeonrules@guamlegislature.gov>
Date Tue 2/10/2026 4:28 PM
To Guam Legislature Clerks <clerks@guamlegislature.gov>
Cc Frank Blas Jr. <speakerblas@guamlegislature.gov>

4 attachments (18 MB)

21026COMM Doc. No. 38GL-26-1909.pdf; 21026COMM Doc. No. 38GL-26-1910.pdf; 21026COMM Doc. No. 38GL-26-1911.pdf; 21026COMM Doc. No. 38GL-26-1912.pdf;

Håfa Adai Clerk's Office.

Please see attached, **Messages & Communications Doc. No. 38GL-26-1909 through 1912** for processing:

✓	38GL-26-1909	Office of the Governor of Guam	Prior Years Obligations to pay Xerox Corporation in the total amount of \$285,38.
✓	38GL-26-1910	Office of Public Accountability - Guam	Guam Ancestral Lands Commission FY2023 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance.*
✓	38GL-26-1911	Department of Public Health and Social Services	Guam Board of Barbering and Cosmetology Board Meeting Packet for February 2, 2026 and reconvened on February 9, 2026*
✓	38GL-26-1912	Department of Revenue and Taxation	Income Tax Refund Status Report for the Month Ending January 2026*

Kindly reply to this email



Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

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Messages and Communications 38GL-26-1910.

2 messages

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Tue, Feb 10, 2026 at 11:18 AM

To: 38th Committee On Rules <committeeonrules@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>

Håfa Adai,

Please see attached M&C Doc. No. 38GL-26-1910

38GL-26-1910	Office of Public Accountability	Guam Ancestral Lands Commission FY2023 Financial Statements, Reports on Compliance and Internal Controls, Management Letter and the Auditor's Communication with Those Charged with Governance.*
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*Si Yu'os Ma'åse'**Bernice Rivera*

Administrative Assistant

**Office of Speaker Frank F. Blas, Jr.**I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

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speakerblas@guamlegislature.gov

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----- Forwarded message -----

From: **Office of Public Accountability - Guam** <admin@guamopa.com>

Date: Tue, Feb 10, 2026 at 8:14 AM

Subject: Transmittal: Guam Ancestral Lands Commission FY 2023 Financial Audit Report

To: Governor of Guam <governor@guam.gov>, Lt. Governor of Guam <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, Senator Telo T. Taitague <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, Senator Sabina F. Perez <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, Joe S. San Agustin <senatorjoessanagustin@gmail.com>, V. Anthony Ada <vicespeakertonyada@guamlegislature.gov>, Office of Senator Frank Blas, Jr. <speakerblas@guamlegislature.gov>

Cc: Benjamin Cruz <bjcruz@guamopa.com>, Selina Onedera-Salas <sonederasalas@guamopa.com>*Hafa Adai!*

Transmitted herewith are the Guam Ancestral Land Commission's Fiscal Year 2023 Financial Statements, Report on Internal Control and Compliance, Management Letter, and The Auditor's Communication with Those Charged with Governance. The reports may also be found on the OPA website at www.opaguam.org.

5 attachments

-  **1. GALC FY 2023 Financial Highlights.pdf**
162K
-  **3. FY23 Guam Ancestral Lands Commission Management Letter.pdf**
238K
-  **2. FY23 Guam Ancestral Lands Commission FS.pdf**
411K
-  **4. FY23 Guam Ancestral Lands Commission Auditor's Required Communication.pdf**
2830K
-  **38GL-26-1910.pdf**
1140K

38th Committee On Rules <committeeonrules@guamlegislature.gov>

Tue, Feb 10, 2026 at 3:58 PM

To: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>

Håfa Adai,

Received, and thank you



Si Yu'os ma'åse',

Marie Crisostomo

Committee on Rules Assistant

COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

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[Quoted text hidden]



Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Transmittal: Guam Ancestral Lands Commission FY 2023 Financial Audit Report

2 messages

Office of Public Accountability - Guam <admin@guamopa.com>

Tue, Feb 10, 2026 at 8:13 AM

To: Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, "Office of Senator Frank Blas, Jr." <speakerblas@guamlegislature.gov>
Cc: Benjamin Cruz <bjcruz@guamopa.com>, Selina Onedera-Salas <sonederasalas@guamopa.com>

Hafa Adai!

Transmitted herewith are the Guam Ancestral Land Commission's Fiscal Year 2023 Financial Statements, Report on Internal Control and Compliance, Management Letter, and The Auditor's Communication with Those Charged with Governance. The reports may also be found on the OPA website at www.opaguam.org.

4 attachments

-  **1. GALC FY 2023 Financial Highlights.pdf**
162K
-  **3. FY23 Guam Ancestral Lands Commission Management Letter.pdf**
238K
-  **2. FY23 Guam Ancestral Lands Commission FS.pdf**
411K
-  **4. FY23 Guam Ancestral Lands Commission Auditor's Required Communication.pdf**
2830K

Doc Type: 38GL-26-1910
OFFICE OF THE SPEAKER
FRANK F. BLAS, JR.
February 10, 2026
Time: 8:13 AM
Received: *FBK*

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Tue, Feb 10, 2026 at 9:16 AM

To: Office of Public Accountability - Guam <admin@guamopa.com>

Cc: Governor of Guam <governor@guam.gov>, "Lt. Governor of Guam" <joshua.tenorio@guam.gov>, Chris Barnett <malafunkshun@guamlegislature.gov>, "Senator Telo T. Taitague" <senatortelot@gmail.com>, Shelly Vargas Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, William Parkinson <senator.parkinson@guamlegislature.gov>, Eulogio Shawn Gumataotao <office.senatorshawn@guamlegislature.gov>, "Senator Sabina F. Perez" <office.senatorperez@guamlegislature.gov>, Vincent Borja <vince.borja@guamlegislature.gov>, Tina Muna Barnes <senator.munabarnes@guamlegislature.gov>, Jesse Lujan <senator.lujan@guamlegislature.gov>, Therese Terlaje <senatorterlajeguam@gmail.com>, Christopher Dueñas <senator.duenas@guamlegislature.gov>, Sabrina Salas Matanane <office.senatorbri@guamlegislature.gov>, "Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, "V. Anthony Ada" <vicespeakertonyada@guamlegislature.gov>, Benjamin Cruz <bjcruz@guamopa.com>, Selina Onedera-Salas <sonederasalas@guamopa.com>

Hâfa Adai,

Confirming receipt of the transmittal and attached reports.

Si Yu'os Ma'åse'

Bernice Rivera

Administrative Assistant



Office of Speaker Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guåhan 38th Guam Legislature

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38GL-26-1910
Messages and Communications

RECEIVED
COMMITTEE ON RULES
February 10, 2026

11:18 a.m.

Marie Crisostomo

Financial Highlights
Guam Ancestral Lands Commission Financial Audit
Fiscal Year 2023

February 10, 2026

The Guam Ancestral Lands Commission (GALC) received an unmodified (clean) opinion for its Fiscal Year (FY) ended September 30, 2023 Financial Statements from independent auditors, Ernst & Young LLP (EY). EY issued a Management Letter, noting a deficiency in internal control over financial reporting.

GALC closed FY 2023 with a net change in fund balance (net income) of \$1.1 million (M) or 7%. GALC's change in fund balance increased from \$15.5M in FY 2022 to \$16.6M in FY 2023.

Revenues Increased by \$167K, Expenditures Decreased by \$33K

Total revenues increased by \$167K, from \$1.4M in FY 2022 to \$1.6M in FY 2023. The increase was due to an increase in base rent and investment income offset by the decrease in other revenues, due to a decrease in appropriation, pursuant to the Budget Act of FY 2023.

As of FY 2023 lease rental receivables include \$54K due from the Department of Public Health and Social Services (DPHSS) and \$312K due from the Guam Environmental Protection Agency (GEPA) with a corresponding allowance for uncollectible accounts of \$288K.

Total expenditures decreased from \$551K in FY 2022 to \$518K in FY 2023, due to decreases in fringe benefits, contractual services, supplies, communications, and miscellaneous expenses.

Lack of Staffing and Funding Sources Affects Operations

- The Landowner's Recovery Fund remains unfunded, and GALC has been unable to begin to implement the activities intended with the Fund due to the lack of staff and a committed funding source.
- Amendments to the Survey, Infrastructure, and Development Fund included 50% of net proceeds of the lease to AT&T, Lot 10192. GALC has not been able to utilize the funds, because the legislation does not identify a specific dollar amount, and despite GALC sending numerous letters requesting an amendment to the legislation, no action has been taken.
- GALC was unable to finalize the Land Bank Rules and Regulations, and original landowners have not been compensated. The proposed, working draft remains with the board of commissioners. GALC has been able to address some easement access issues for returned properties, but these requests are handled on a case-by-case basis as a result of the lack of staff and funding.
- GALC did not return any property in FY 2023, and the aggregate amount of land returned remains at 2,643.12 acres.

Lease Management Services & Lease Revenues

In 2006, the GALC entered into a memorandum of agreement with the Guam Economic Development Authority (GEDA) to assist with the development, management, and maintenance of Trust Lands. GEDA shall remit all rents received from the lease of Trust Lands but shall retain 14.3% of the base rent and 20% of the participation rent paid by all developers and/or lessees of the Trust Lands as payment for lease management services. In FY 2023, GEDA withheld \$149K of all rent received as payments for lease management services, and GALC has recognized a liability of \$54K for lease management services relating to rent receivables collected.

GALC has ground lease agreements with eight lessees, and the table below lists the recognized revenue from each lease agreement.

GALC Lease Revenues as of Year Ended September 30, 2023

	Property	Lease Term	Area	Base Rental Revenue	Participation Rental Revenue	Interest Income
1	Apra Harbor Parcel No. 1 (Commissary Junction) – May 2008	50 years	5.835 acres	\$17,436	\$3,062	\$30,629
2	Apra Harbor Reservation F-12 (Polaris Point) – Jul 2010	50 years	30 acres	\$110,508	\$494	\$222,288
3	Certain Real Property (License) – Jun 2017, extended in 2018	1 year	1/2 acre	\$10,000	N/A	None stated
4	Certain Real Property – Sep 2022	5 years	8 acres	\$92,563	N/A	\$13,037
5	Andersen Family Housing Annex No. 1 – Jan 2014	50 years	13.313 acres	None recognized (deferred payments)	N/A	None recognized (deferred payments)
6	GEPA (License) – 2005	30 years	8000 sq. ft.	\$96,000	N/A	None
7	DPHSS (License) – 2004, extended in 2015	10 years	8000 sq. ft.	\$86,631	N/A	\$14,169
8	Tanguisson Cable Landing Station – Oct 2019	5 years	11,724 sq. m.	\$263,018	N/A	\$12,255

Management Letter

In its Management Letter, EY issued one observation and a corresponding recommendation, relative to segregation of duties. GALC’s lack of segregation of duties in the preparation and posting of journal entries and the presentation of bank reconciliations, increases the risk that errors will not be detected and increases the risk of misappropriation of cash. Management should closely review bank reconciliations to ensure that the information is consistent with their understanding of GALC’s activities and investigate any results that differ from expectations.

For more details, refer to GALC’s FY 2023 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Management Letter, and Auditor’s Communication With Those Charged With Governance at www.opaguam.org.

*Financial Statements, Required Supplementary
Information, Supplementary Information, and
Report on Internal Control and Compliance*

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

*Years ended September 30, 2023 and 2022
with Report of Independent Auditors*



**Shape the future
with confidence**

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Financial Statements, Required Supplementary
Information, Supplementary Information, and
Report on Internal Control and Compliance

Years ended September 30, 2023 and 2022

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Report of Independent Auditors

The Board of Commissioners
Guam Ancestral Lands Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Guam Ancestral Lands Commission (GALC), a governmental fund of the Government of Guam (GovGuam), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the GALC's basic financial statements as listed in the table of contents (collectively referred to as the "basic financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the GALC as of September 30, 2023 and 2022, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the GALC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above present only the GALC and do not purport to, and do not, present fairly the financial position of the Government of Guam as of September 30, 2023 and 2022, and its changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GALC's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GALC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GALC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the GALC's basic financial statements. The accompanying supplementary information of the Combining Balance Sheet included on page 27, the Combining Statement of Revenues, Expenditures and Changes in Fund Balance included on page 28, and the comparative supplemental schedule of employees and salaries included on page 29, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026, on our consideration of the GALC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GALC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GALC's internal control over financial reporting and compliance.

Ernst + Young LLP

February 6, 2026

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis

Years ended September 30, 2023 and 2022

INTRODUCTION

The Guam Ancestral Lands Commission (GALC) is a special governmental fund of the Government of Guam (GovGuam), currently located at 590 South Marine Corps Drive, Ste 312, ITC Building, Tamuning, Guam 96913.

The GALC was created by Public Law 25-45 to serve as the conduit for conveying returned federal excess lands to their original landowners. On October 6, 2011, the Governor of Guam issued Reorganization Advisory No. 5, which was later superseded by Advisory No. 9, whereby the GALC was merged into GovGuam's Department of Land Management (DLM) along with the Chamorro Land Trust Commission. On January 16, 2019, the Governor of Guam issued Executive Order 2019-01 re-establishing the GALC as a separate agency from DLM and the re-establishment of its Executive Director position.

The GALC's Management's Discussion and Analysis (MD&A) provides an overview of GALC's financial activities for the fiscal year ended September 30, 2023 and 2022. The information enclosed in the MD&A has been prepared by management and it should be read in conjunction with the financial statements and notes which follow this section.

1. Financial Highlights

- Total assets exceeded total liabilities by \$16,597,429 at September 30, 2023 as compared to \$15,505,392 at the end of the prior year.
- Total assets on September 30, 2023 increased by \$659,386 (or 3%) as compared to September 30, 2022.
- Total liabilities and deferred inflows of resources on September 30, 2023 decreased by \$432,651 (or 4%) as compared to September 30, 2022.
- Total fund balance on September 30, 2023 increased by \$1,092,037 (or 7%) as compared to September 30, 2022.
- Total revenues of \$1,610,348 for the year ended September 30, 2023 increased by \$167,314 (or 12%) as compared to \$1,443,034 for the prior year. Total expenditures of \$518,311 for the year ended September 30, 2023 decreased by \$33,131 (or 6%) as compared to \$551,442 for the prior year. This resulted in an increase in the fund balance of \$1,092,037 for the year ended September 30, 2022 as compared to \$891,592 for the prior year.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis, continued

2. Overview of the Financial Statements

The GALC's financial statements include all of the activities of the Ancestral Lands Operations Fund, the Land Bank Trust Fund, the Landowner's Recovery Fund, and the Survey, Infrastructure and Development Fund. The financial statements include a Balance Sheet as of September 30, 2023 and 2022 and a Statement of Revenues, Expenditures, and Changes in Fund Balance for the years then ended. Notes to the financial statements are additional information needed to provide further understanding of the basic financial statements.

3. Financial Statement Analysis

Management's Discussion and Analysis for the year ended September 30, 2022 is set forth in GALC's report on the audit of financial statements, which is dated May 24, 2024. That Management Discussion and Analysis explains the major factors impacting the 2022 financial statements and may be obtained from the information below.

GALC's Balance Sheets

The balance sheet discloses information on the GALC's assets, liabilities and deferred inflows of resources, and fund balance at year-end. The condensed summary of the GALC's balance sheet shown below for the year ended September 30, 2023 as compared to September 30, 2022 and 2021 as follows:

Summary Balance Sheets
As of September 30

	2023	2022	\$ Change 2023-2022	% Change 2023-2022	2021
Assets:					
Cash and cash equivalents	\$ 1,358,034	\$ 15,113,593	\$ (13,755,559)	(91.0)%	\$ 6,701,366
Time certificates of deposit	1,009,290	324,242	685,048	211.3%	7,880,095
Receivables, net	771,096	497,418	273,678	55.0%	757,414
Leases receivable	9,637,708	10,319,438	(681,730)	(6.6)%	-
Investments	14,137,949	-	14,137,949		-
Total assets	26,914,077	26,254,691	659,386	2.5%	15,338,875
Liabilities:					
Accounts payable and other	131,781	168,031	(36,250)	(21.6)%	166,026
Due to GovGuam	781,595	444,462	337,133	75.9%	382,934
Total liabilities	913,376	612,493	300,883	49.1%	548,960
Deferred inflows of resources	9,403,272	10,136,806	(733,534)	(7.2)%	176,115
Fund balance:					
Committed	\$ 16,597,429	\$ 15,505,392	\$ 1,092,037	7.0%	\$ 14,613,800

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis, continued

3. Financial Statement Analysis, continued

GALC's Balance Sheets, continued

Total assets increased by \$659,386 (or 3%) in 2023 compared to 2022 primarily due to the increase in time certificates of deposit, receivables, and investments offset by the decrease in cash and cash equivalents, and lease receivable.

Total liabilities and deferred inflows of resources decreased by \$432,651 (or 4%) in 2023 compared to 2022 primarily due to the decrease in accounts payable, and deferred inflow from leases offset by an increase in the amount due to GovGuam.

Total fund balance increased by \$1,092,037 (or 7%) in 2023 compared to 2022 due to the difference between 2023 revenues earned and expenditures incurred compared to 2022.

GALC's Statements of Revenues, Expenditures and Changes in Fund Balances

The statement of revenues, expenditures and changes in fund balance discloses information on GALC's revenues and expenditures for the year. The condensed summary of GALC's revenues and expenditures shown below for the year ended September 30, 2023 as compared with the years ended September 30, 2022 and 2021 follows:

Summary Statements of Revenues, Expenditures and Changes in Fund Balance
Years ended September 30

	2023	2022	\$ Change 2023-2022	% Change 2023-2022	2021
Revenues:					
Lease rentals	\$ 817,989	\$ 702,733	\$ 115,256	16.4%	\$ 850,819
Interest/investment income	764,318	699,320	64,998	9.3%	409,150
Other	28,041	40,981	(12,940)	(31.6)%	41,887
Total revenues	<u>1,610,348</u>	<u>1,443,034</u>	<u>167,314</u>	11.6%	<u>1,301,856</u>
Expenditures:					
Salaries, wages and benefits	264,532	260,661	3,871	1.5%	224,859
Management fees	149,281	127,702	21,579	16.9%	102,223
Building rent	36,261	36,261	-	0.0%	42,266
Other	68,237	126,818	(58,581)	(46.2)%	194,228
	<u>518,311</u>	<u>551,442</u>	<u>(33,131)</u>	(6.0)%	<u>563,576</u>
Net change in fund balance	1,092,037	891,592	200,445	22.5%	738,280
Fund balance - beginning	<u>15,505,392</u>	<u>14,613,800</u>	<u>891,592</u>	6.1%	<u>13,875,520</u>
Fund balance - ending	<u>\$ 16,597,429</u>	<u>\$ 15,505,392</u>	<u>\$ 1,092,037</u>	7.0%	<u>\$ 14,613,800</u>

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis, continued

3. Financial Statement Analysis, continued

GALC's Statements of Revenues, Expenditures and Changes in Fund Balances, continued

Total revenues increased by \$167,914 (or 12%) from \$1,443,034 in 2022 to \$1,610,348 in 2023. The increase in revenues for 2023 was primarily due to the increase in base rent and investment income offset by the decrease in other revenues due to a decrease in the GovGuam appropriation because of the passage of Public Law 36-107 also known as the Budget Act of FY2023.

Total expenditures decreased by \$33,131 (or 6%) from \$551,442 in 2022 to \$518,311 in 2023. The decrease in expenditures for 2023 was primarily due to decrease in fringe benefits, contractual services, supplies, communications, and miscellaneous expenses.

4. Challenges and Accomplishments

Our mission is to administer the Guam Ancestral Lands Act in order that ancestral landowners, their heirs and descendants may expeditiously exercise all the fundamental civil rights in the property they own; establish a land bank to provide just compensation for dispossessed ancestral landowners; and when appropriate, assume the role of Claims Facilitator to assist ancestral landowners in pursuit of just remedies. Moreover, the GALC is mandated to establish an account known as the Land Bank. The funds deposited into this account will be used to compensate original landowners who will never realize the return of their ancestral lands.

The Landowner's Recovery Fund remains unfunded. The intent of this fund is to provide loans, and loan guarantees to aid landowners in deferring the costs or fees of professional services. Furthermore, the GALC has been unable to begin implementing these activities due to the lack of staff and a committed funding source.

On June 5, 2018, Public Law 34-108 was enacted into law and created the Guam Ancestral Lands Commission Survey, Infrastructure, and Development Fund. This fund is restricted for purposes of surveying and mapping, purchase and installation of infrastructure, including paved access roads and commercial development of the GALC properties, and for the administrative, operational and financial support of these activities.

Public Laws 37-42 (FY24 Budget Act), 37-125 (FY25 Budget Act) and 38-60 (FY26 Budget Act) all amended the Survey, Infrastructure, and Development Fund (SID Fund) and included fifty percent (50%) of the net proceeds of the lease of Lot 10192 (AT&T Lease). The GALC has not been able to utilize the funds because a specific dollar amount has not been identified in legislation. The GALC has forwarded numerous letters requesting for an amendment to resolve the issue, but no action has been taken.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Management's Discussion and Analysis, continued

4. Challenges and Accomplishments, continued

At the year-end, September 30, 2023, the GALC was composed of a seven-member board, supported by four classified employees and one unclassified employee. In FY2023, the GALC did not return any property. The aggregate amount of land returned to date is 2,643.12 acres.

The GALC was unable to finalize the Land Bank Rules and Regulations. The GALC was unable to compensate original landowners who will not benefit from their return of their lands. A working draft of the proposed amendment of Title 21, Chapter 80, Guam Code Annotated remains with the board. Additionally, the GALC has been able to address some easement access issues for returned properties and continues to work on the request on a case-by-case basis due to the lack of staff and funding.

5. Outlook

The GALC Commissioners and Executive Director will continue dialogue with the Administration, and Guam Legislature to finalize the Land Bank Rules and Regulations and funding amendments. Furthermore, the GALC management will continue to work with the financial resources available to recruit much needed personnel.

6. Contacting the Guam Ancestral Lands Commission Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the GALC's finances and to show the GALC's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should contact Cathi Blas, Executive Director at (671) 473-5263 or email cathi.blas@galc.guam.gov

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Balance Sheets

	September 30,	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 1,358,034	\$15,113,593
Time certificates of deposit	1,009,290	324,242
Receivables, net	771,096	497,418
Leases receivable	9,637,708	10,319,438
Investments	<u>14,137,949</u>	<u>---</u>
Total assets	<u>\$26,914,077</u>	<u>\$26,254,691</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 54,371	\$ 90,621
Due to GovGuam General Fund	781,595	444,462
Security deposits payable	<u>77,410</u>	<u>77,410</u>
Total liabilities	<u>913,376</u>	<u>612,493</u>
Deferred inflows of resources - Leases	<u>9,403,272</u>	<u>10,136,806</u>
Fund balance - Committed	<u>16,597,429</u>	<u>15,505,392</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$26,914,077</u>	<u>\$26,254,691</u>

See accompanying notes.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Statements of Revenues, Expenditures and Changes in Fund Balance

	Year ended September 30,	
	<u>2023</u>	<u>2022</u>
Revenues:		
Lease rentals:		
Base rent	\$ 814,433	\$ 679,299
Participation rent	3,556	23,434
Investment income	393,508	---
Interest income	370,810	699,320
GovGuam appropriation	28,021	40,981
Miscellaneous	<u>20</u>	<u>---</u>
Total revenues	<u>1,610,348</u>	<u>1,443,034</u>
Expenditures:		
Salaries and wages - regular	185,386	180,399
Management fees	149,281	127,702
Salaries and wages - fringe benefits	79,146	80,262
Building rent	36,261	36,261
Contractual services	26,761	87,894
Investment fees	9,886	---
Communication	1,884	3,441
Supplies	1,725	2,501
Miscellaneous	<u>27,981</u>	<u>32,982</u>
Total expenditures	<u>518,311</u>	<u>551,442</u>
Net change in fund balance	1,092,037	891,592
Fund balance at the beginning of the year	<u>15,505,392</u>	<u>14,613,800</u>
Fund balance at the end of the year	<u>\$16,597,429</u>	<u>\$15,505,392</u>

See accompanying notes.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements

Years ended September 30, 2023 and 2022

1. Organization

The Guam Ancestral Lands Commission (GALC), a governmental fund of the Government of Guam (GovGuam), was established by the Guam Ancestral Lands Act of 1999 (Public Law 25-45) for the purpose of investigating, recording, filing, and reporting claims for ancestral lands, and to respond to requests for remedy from claimants, including GovGuam, for lands taken by the United States or by GovGuam on or after January 1, 1930.

The accompanying financial statements relate solely to those accounting records maintained by the GALC, and do not incorporate any accounts related to other departments or agencies within GovGuam.

The GALC is governed by a seven-member Board of Commissioners who must be descendants or heirs of ancestral landowners or claimants and are appointed by the Governor of Guam.

In 2011, the Governor of Guam issued Reorganization Advisory No. 5, which was later superseded by Advisory No. 9, whereby the GALC was merged into the GovGuam Department of Land Management (DLM) along with the Chamorro Land Trust Commission. In 2019, the Governor of Guam issued Executive Order 2019-01 re-establishing the GALC as a separate agency from DLM and the re-establishment of its Executive Director position.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the GALC's accounting policies are described below:

Measurement Focus and Basis of Accounting

The GALC reports its financial position and the results of operations in governmental funds. A fund is a separate accounting entity with a self-balancing set of accounts. They are concerned only with the measurement of financial position and are not involved with measurement of results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are used to account for all or most of government's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Measurement Focus and Basis of Accounting, continued

The special revenue funds currently reported by the GALC are as follows:

- The Ancestral Lands Operations Fund - this fund was created for the purpose of accounting for the payment of operational costs associated with the GALC.
- The Land Bank Trust Fund - this fund was created for the purpose of accounting for all assets and revenues of the Land Bank, which consists of former Spanish Crown Lands and other non-ancestral lands conveyed by the United States federal government to GovGuam. The GALC acts as a developer of the lands with resulting lease rental income used to provide just compensation for those dispossessed landowners whose properties cannot be returned.
- The Landowner's Recovery Fund - this fund was created for the purpose of granting loans, loan guarantees or grant-in-aid to landowners, or to defer costs or fees for professional services required by those landowners or class of landowners who have ancestral land claims.
- The Survey, Infrastructure and Development Fund - this fund was created for the purpose of accounting for the proceeds of lease revenues earned from all leases of Apra Harbor Reservation F-12 and Parcel N14-1 (the Polaris Point parcels) under the jurisdiction of the GALC. This fund shall be used for the surveying and mapping, purchase and installation of infrastructure, including paved access roads and commercial development, of the GALC properties, and for the administrative, operational, and financial support of these efforts.

Basis of Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the GALC considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

Significant revenues susceptible to accrual include revenue received from commercial leases and General Fund appropriations. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred.

Cash and Cash Equivalents and Time Certificates of Deposit

The GALC has the power and authority to invest and re-invest any of the money in any of its funds, not otherwise immediately needed, for the purposes of the funds in such bonds and securities authorized in 5 GCA Chapter 21, *Investments and Deposits*. Custodial credit risk is the risk that in the event of a bank failure, the GALC deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The GALC does not have a deposit policy for custodial risk.

For the purposes of the balance sheet, cash and cash equivalents is defined as cash in checking and savings accounts with a maturity date within three months of the date acquired. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the balance sheet. As of September 30, 2023 and 2022, the carrying amount and corresponding bank balances of the GALC's cash and cash equivalents and time certificates of deposit were \$2,367,324 and \$15,437,835, respectively. Bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2023 and 2022, bank deposits in the amount of \$64,349 and \$64,337, respectively, were FDIC insured and bank deposits in the amount of \$500,000 were NCUA insured.

In accordance with 5 GCA 21, *Investments and Deposits*, the GALC requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amount of money deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2023 and 2022, substantially all of the GALC's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in the GALC's name.

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Receivables

Receivables are due from individuals and businesses residing on the island of Guam and are uncollateralized and non-interest bearing. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience.

Management determines the adequacy of the allowance for uncollectible accounts based upon review of the aged accounts receivable. The allowance is established through a provision for bad debts charged to expense. Bad debts are written off against the allowance on the specific identification method.

Leases Receivable

The GALC acts as a lessor of various leases for the use of ancestral lands. Leases with maximum terms of more than twelve months are recognized as lease receivables and deferred inflows from leases. Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, net of any estimated uncollectible amounts.

Interfund Receivables/Payables

During the course of GALC operations, the GovGuam General Fund records transactions between individual funds for goods provided or services rendered. These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year. As of September 30, 2023 and 2022, the GALC has recognized a payable of \$781,595 and \$444,462, respectively, for payments made by GovGuam's General Fund on behalf of the GALC for goods provided or services rendered.

Investments

Investments and related investment earnings are recorded at fair value. The GALC uses quoted market prices to determine the value of equity securities with readily available fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Deferred Inflows of Resources

In the governmental fund financial statements, deferred inflows of resources consist of unavailable base and participation rent revenues, which is revenue that does not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Fund Balance

Governmental fund balances are classified as follows:

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Restricted/committed amounts are spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. In addition, committed, then assigned amounts of unrestricted fund balance are expended in that order. A formal minimum fund balance policy has not been adopted.

Management Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2023, the GALC implemented the following pronouncements:

- GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.
- GASB Statement No. 99, *Omnibus 2022*, which enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

This Statement provides clarification of provisions in:

- 1) GASB Statement No. 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- 2) GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- 3) GASB Statement No. 96 related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

This Statement modifies accounting and reporting guidance in:

- 4) GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, related to termination of hedge.

The implementation of these Statements did not have a material effect on the accompanying financial statements.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements

In April 2022, GASB issued Statement No. 99. This Statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 99

- 1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for the fiscal year ending September 30, 2024.
- 2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 100 will be effective for the fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for the fiscal year ending September 30, 2025.

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for the fiscal year ending September 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues identified through agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following: a) management's discussion and analysis (MD&A); b) unusual or infrequent items; c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; d) information about major component units in basic financial statements; e) budgetary comparison information; and f) financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

The GALC is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

3. Risk Management

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. It is the policy of the GALC not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, GALC management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, the GALC reports all of its risk management activities in the Ancestral Lands Operations Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these policies.

4. Receivables

Receivables as of September 30, 2023 and 2022, including the applicable allowance for uncollectible accounts, are as follows:

	<u>2023</u>	<u>2022</u>
Lease rental	\$1,951,650	\$1,623,667
Interest receivable	787,817	538,144
Due from Guam Economic Development Authority (GEDA)	<u>77,410</u>	<u>77,410</u>
	2,816,877	2,239,221
Less allowance for uncollectible accounts	<u>(2,045,781)</u>	<u>(1,741,803)</u>
	<u>\$ 771,096</u>	<u>\$ 497,418</u>

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

4. Receivables, continued

As of September 30, 2023 and 2022, lease rental receivables include \$54,299 and \$45,899, respectively, due from GovGuam’s Department of Public Health and Social Services (DPHSS) and \$311,985 and \$247,985, respectively, due from the Guam Environmental Protection Agency (GEPA) with a corresponding allowance for uncollectible accounts of \$287,985 and \$243,985, respectively.

5. Investments

The GALC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The following tables set forth by fair value hierarchy level the GALC assets carried at fair value at September 30, 2023:

	At September 30, 2023		
	Level 1	Level 2	Level 3
Investments carried at fair value:			
Exchange traded products	\$ 5,653,060	\$ 5,653,060	\$ ---
Real estate investment trusts	14,679	14,679	---
	\$ 5,667,739	\$ 5,667,739	\$ ---
Investments carried at cost:			
Certificates of deposits	6,264,800		
Cash and cash equivalents	2,205,410		
	\$ 14,137,949		

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the GALC will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. GASB requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the GALC.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

5. Investments, continued

As of September 30, 2023, the GALC held investments in the following issuers that each represented 5% or more of total investment, excluding investment issued or explicitly guaranteed by the U.S. Government:

Issuer	Type	Total	% of Total Investment
ISHARES TR CORE US AGGBD	Exchange-Traded Products (ETPs)	\$ 1,221,580	9%
FIDELITY TOTAL BOND ETF	Exchange-Traded Products (ETPs)	1,321,741	9%
		<u>\$ 2,543,321</u>	

6. Security Deposits Payable

Certain lessees are required, upon execution of the lease, to remit a security deposit to GEDA on behalf of the GALC. As of September 30, 2023 and 2022, security deposits in the amount of \$77,410 are maintained by GEDA on behalf of the GALC. A liability is recorded within the accompanying financial statements representing security deposits payable to lessees offset by a corresponding receivable due from GEDA.

7. Related Party Transactions

The GALC is a governmental fund of GovGuam and is therefore affiliated with all GovGuam-owned and affiliated entities, including all departments and agencies of GovGuam, including the GEDA, the GEPA, the GovGuam Department of Land Management, and the GovGuam DPHSS. During the years ended September 30, 2023 and 2022, the GALC recognized certain on-behalf payments as contributions from GovGuam, totaling \$28,021 and \$40,981, respectively, representing certain payroll and related expenditures that GovGuam paid directly on behalf of the GALC. These expenditures were funded through appropriations from GovGuam’s General Fund.

During the years ended September 30, 2023 and 2022, GEDA withheld \$149,281 and \$127,702, respectively, of all rents received representing lease management services.

During the year ended September 30, 2022, certain legal costs of \$47,368 were incurred by the GALC covering services from the GovGuam Office of the Attorney General.

Certain developed land supported by valid leases is held as investments in land and other real estate within a permanent fund of GovGuam. Such investment is recorded at fair value whereas other undeveloped land not supported by leases is reported at historical cost. As of September 30, 2023 and 2022, such land is valued at \$459,050,489, of which \$13,264,125 is held by the GALC. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from leases associated with these investments are reported as revenues of the GALC.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

8. Leases

In accordance with GASB Statement No. 87, *Leases*, the GALC, as a lessor, recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, with exceptions for short-term leases. The lease receivable is measured as the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relates to the future periods.

The GALC has ground lease agreements with eight lessees. The agreements provide the lessees with the use of former Spanish Crown Lands and other non-ancestral lands (collectively, the “Trust Lands”) conveyed by the United States federal government to GovGuam. A summary of these lease agreements follows:

Apra Harbor Parcel No. 1 (Commissary Junction)

In 2008, the GALC entered into a fifty-year lease agreement with a tenant commencing May 1, 2008 for certain real property with an area of approximately 5.835 acres. In accordance with the lease agreement, rental income from the tenant shall consist of the following:

- a. Base rent of \$3,113 payable monthly in advance on the first business day of each month escalating each year at the rate of 1%; and
- b. Participation rent of 2.5% of the tenant’s gross annual revenue, as defined in the lease agreement, received by the tenant from its operation at the premises. Payment shall be made by the tenant within 90 days after the end of each fiscal year.

The base rent shall be adjusted every ten years to the product of the fair market rental value of the premises and an eight percent capitalization rate. Such fair market rental value shall be determined by an appraisal of the premises, exclusively of any improvements, which shall be achieved at the tenant’s sole cost and expense. Effective May 1, 2022, the base rent was adjusted to \$3,950 payable monthly in advance.

During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenue of \$17,436 and \$18,901, respectively, interest income of \$30,629 and \$28,495, respectively, and lease participation rental revenue of \$3,062 and \$22,810, respectively, associated with this lease.

Apra Harbor Reservation F-12 (Polaris Point)

In 2010, the GALC entered into a fifty-year lease agreement with a tenant commencing July 1, 2010 for certain real property with an area of approximately thirty (30) acres. In accordance with the lease agreement, rental income from the tenant shall consist of the following:

- a. Initial base rent of \$25,000 payable monthly in advance on the first business day of each month; and

Guam Ancestral Lands Commission
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Notes to Financial Statements, continued

8. Leases, continued

Apra Harbor Reservation F-12 (Polaris Point), continued

- b. Participation rent of 2.6% of the tenant's gross annual revenue, as defined in the lease agreement, received by the tenant each month from its operation at the premises. Payment for the previous month shall be made by the tenant on or before the 30th day of each calendar month.

The base rent shall be adjusted every ten years to the product of the fair market rental value of the premises and an eight percent capitalization rate. Such fair market rental value shall be determined by an appraisal of the premises, exclusively of any improvements, which shall be achieved at the tenant's sole cost and expense. Effective July 1, 2021, the base rent was adjusted to \$27,733 payable monthly in advance.

During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenue of \$110,508 and \$126,202, respectively, interest income of \$222,288 and \$206,594, respectively, and lease participation rental revenue of \$494 and \$624, respectively, associated with this lease agreement.

In 2017, the GALC entered into a one-year license agreement with a tenant commencing June 1, 2017, for certain real property with an area of approximately one-half (1/2) acre. In accordance with the license agreement, monthly base rent of \$500 is payable by the tenant. Effective June 1, 2018, the lease continues each month with the same terms and conditions. During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenue of \$10,000 and \$7,200, respectively, associated with this license.

In 2022, the GALC entered into a five-year lease agreement with a tenant commencing September 1, 2022 for a certain real property with a usable area of approximately eight (8) acres. In accordance with the lease agreement, monthly base rent of \$1,100 per acre payable monthly in advance on the first calendar day of each month by the tenant. During the year ended September 30, 2023, the GALC recognized lease base rental revenue of \$92,563 and interest income of \$13,037 associated with this lease. During the year ended September 30, 2022, the GALC recognized lease base rental revenue of \$8,800 associated with this lease.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

8. Leases, continued

Anderson Family Housing Annex no. 1

In 2013, the GALC entered into a fifty-year lease agreement with a tenant commencing January 1, 2014 for certain real property with an area of approximately 13.313 acres. In accordance with the lease, rental income from the tenant shall consist of the following:

- a. Initial base rent of \$27,197, adjusted to \$27,855, payable monthly in advance on the first business day of each month commencing January 1, 2015 upon completion of the development phase and escalating every five years at the rate of 10%; and
- b. Participation rent of 2.5% of the tenant's gross monthly revenue, as defined in the lease, received by the tenant each quarter from its operation at the premises. Payment shall be made by the tenant within 30 days after the end of each calendar quarter.

No lease base rental revenue or interest income from deferred payments were recognized during the years ended September 30, 2023 and 2022.

Guam Environmental Protection Authority (GEPA)

In 2005, the GALC entered into a license renewable annually for a period not to exceed thirty (30) years to allow GEPA to occupy and use a portion of Lot No. 2276 consisting of a building, a parking lot and common area with an area of approximately 8,000 square feet. In accordance with the license, monthly base rent of \$1.00 per square foot is payable by GEPA. Subsequent to the tenth year, the monthly base rent amount shall be adjusted to equal the fair market value but not less than \$1.00 per square foot. Such fair market value shall be determined by an appraisal of the property, which shall be performed at GEPA's sole cost and expense. During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenues of \$96,000 and \$100,000, respectively, associated with this license.

Department of Public Health and Social Services (DPHSS)

In 2004, the GALC entered into a license renewable annually for a period not to exceed ten (10) years to allow DPHSS to occupy and use a portion of Lot No. 2276 consisting of a building, a parking lot and common area with an area of approximately 8,000 square feet. In accordance with the license, monthly base rent of \$1.00 per square foot is payable by DPHSS. Subsequent to the initial year, the monthly base rent amount shall be adjusted to equal the fair market value but not less than \$1.00 per square foot. Such fair market value shall be determined by an appraisal of the property, which shall be performed at DPHSS sole cost and expense. Effective January 1, 2015, the GALC exercised the option to extend the license agreement for an additional period of ten (10) years upon the same terms and conditions with monthly base rent of \$1.05 per square foot. During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenue of \$86,631 and \$85,593, respectively, and interest income of \$14,169 and \$28,495, respectively, associated with this license.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

8. Leases, continued

Tanguisson Cable Landing Station

In 2019, the GALC entered into a five-year lease agreement with a tenant commencing October 1, 2019, for certain real property with an area of approximately 11,724 square meters to occupy and use a portion of Lot No. 10192, consisting of a building, a certain ocean ground bed, West cable entrance to shore edge, Lines T1 through T3 Cable easements, and common areas. In accordance with the lease, monthly base rent of \$22,939 is payable monthly by the tenant during the initial term. The tenant has nine (9) successive options to renew the lease to extend the term for 5 years each. Subsequent to the initial term, the monthly base rent is escalating every five years at the rate of 10% capitalization rate. Such fair market value shall be determined by an appraisal of the property, which shall be performed at the GALC and the tenant's split cost. During the years ended September 30, 2023 and 2022, the GALC recognized lease base rental revenue of \$263,018 and \$256,431, respectively, and interest income of \$12,255 and \$17,970, respectively, associated with this agreement.

The future minimum lease receipts under the remainder of these leases are as follows:

Year Ending September 30,	Base Rent	Interest	Total
2024	\$ 590,003	\$ 271,861	\$ 861,864
2025	328,668	257,924	586,592
2026	338,529	248,062	586,591
2027	339,887	237,905	577,792
2028	209,633	229,359	438,992
2029 - 2033	827,978	1,072,980	1,900,958
2034 - 2038	959,876	941,082	1,900,958
2039 - 2043	1,112,786	788,172	1,900,958
2044 - 2048	1,290,054	610,904	1,900,958
2049 - 2053	1,495,562	405,396	1,900,958
2054 - 2058	1,713,961	167,248	1,881,209
2059 - 2062	430,771	3,051	433,822
	<u>\$9,637,708</u>	<u>\$ 5,233,944</u>	<u>\$ 14,871,652</u>

In 2006, the GALC entered into a memorandum of agreement with GEDA to assist with the development, management, and maintenance of Trust Lands for the purpose of maximizing benefit to dispossessed landowners and be responsible for the collection and remittance of security deposits and lease rental payments to the GALC. GEDA shall remit all rents received from the lease of Trust Lands but shall retain 14.3% of the base rent and 20% of the participation rent paid by all developers and/or lessees of the Trust Lands as payment for lease management services. Base rent collected from developers and/or lessees shall be remitted to the GALC no later than twenty (20) calendar days after receipt from the developers and/or lessees. Participation rent collected from developers and/or lessees shall be remitted to the GALC no later than ninety (90) calendar days after receipt from the developers and/or lessees.

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Notes to Financial Statements, continued

8. Leases, continued

During the years ended September 30, 2023 and 2022, GEDA withheld \$149,281 and \$127,072, respectively, of all rents received as payment for lease management services. As of September 30, 2023 and 2022, the GALC has recognized a liability of \$54,371 and \$90,621, respectively, for lease management services relating to rent receivables collected.

9. Contingency

The GALC is party to several legal proceedings; however, the GovGuam Office of Attorney General is unable to assess the likelihood of potential liabilities related to claims outstanding as of September 30, 2023 and 2022. Hence, it is not possible to predict a reasonable estimation of these claims to be paid through the claims process and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

Supplementary Information

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Combining Balance Sheet

September 30, 2023

	Ancestral Lands Operations Fund	Land Bank Trust Fund	Landowner's Recovery Fund	Survey, Infrastructure, and Development Fund	Combined Total	Eliminating	Audited
<u>Assets</u>							
Cash and cash equivalents	\$ 1,855	\$ 385,074	\$ 5,055	\$ 966,050	\$ 1,358,034	\$ ---	\$ 1,358,034
Time certificates of deposit	---	1,009,290	---	---	1,009,290	---	1,009,290
Receivables, net	---	767,096	---	4,000	771,096	---	771,096
Leases receivable	---	1,798,049	---	7,839,659	9,637,708	---	9,637,708
Investments	---	14,137,949	---	---	14,137,949	---	14,137,949
Due from the Land Bank Trust Fund	---	---	---	39,365	39,365	(39,365)	---
Due from the Survey, Infrastructure, and Development Fund	---	27,290	---	---	27,290	(27,290)	---
Total assets	\$ 1,855	\$ 18,124,748	\$ 5,055	\$ 8,849,074	\$ 26,980,732	\$ (66,655)	\$ 26,914,077
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>							
Liabilities:							
Accounts payable	\$ ---	\$ 44,609	\$ ---	\$ 9,762	\$ 54,371	\$ ---	\$ 54,371
Due to GovGuam General Fund	---	---	---	781,595	781,595	---	781,595
Security deposits payable	---	77,410	---	---	77,410	---	77,410
Due to the Land Bank Trust Fund	---	---	---	27,290	27,290	(27,290)	---
Due to the Survey, Infrastructure, and Development Fund	---	39,365	---	---	39,365	(39,365)	---
Total liabilities	---	161,384	---	818,647	980,031	(66,655)	913,376
Deferred inflows of resources:							
Deferred inflows from leases	---	1,728,730	---	7,674,542	9,403,272	---	9,403,272
Fund balance:							
Committed	1,855	16,234,634	5,055	355,885	16,597,429	---	16,597,429
Total liabilities, deferred inflows of resources and fund balance	\$ 1,855	\$ 18,124,748	\$ 5,055	\$ 8,849,074	\$ 26,980,732	\$ (66,655)	\$ 26,914,077

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended September 30, 2023

	Ancestral Lands Operations Fund	Land Bank Trust Fund	Landowner's Recovery Fund	Survey Infrastructure, and Development Fund	Combined Total	Eliminating	Audited
Revenues:							
Lease rentals:							
Base rent	\$ ---	\$ 508,990	\$ ---	\$ 305,443	\$ 814,433	\$ ---	\$ 814,433
Participation rent	---	3,062	---	494	3,556	---	3,556
Investment income	---	393,508	---	---	393,508	---	393,508
Interest income	2	134,466	13	236,329	370,810	---	370,810
GovGuam appropriation	28,021	---	---	---	28,021	---	28,021
Miscellaneous	---	20	---	---	20	---	20
Total revenues	28,023	1,040,046	13	542,266	1,610,348	---	1,610,348
Expenditures:							
Salaries and wages - regular	---	---	---	185,386	185,386	---	185,386
Management fees	---	85,234	---	64,047	149,281	---	149,281
Salaries and wages - fringe benefits	---	---	---	79,146	79,146	---	79,146
Building rent	---	---	---	36,261	36,261	---	36,261
Contractual services	2,290	---	---	24,471	26,761	---	26,761
Investment fees	---	9,886	---	---	9,886	---	9,886
Communication	---	---	---	1,884	1,884	---	1,884
Supplies	1,725	---	---	---	1,725	---	1,725
Miscellaneous	25,769	998	---	1,214	27,981	---	27,981
Total expenditures	29,784	96,118	---	392,409	518,311	---	518,311
Excess (deficiency) of revenues over (under) expenditures	(1,761)	943,928	13	149,857	1,092,037	---	1,092,037
Other financing sources (uses):							
Transfer in from other funds	2,788	---	4	---	2,792	---	2,792
Transfer out to other funds	---	---	---	(2,792)	(2,792)	---	(2,792)
Other financing sources (uses), net	2,788	---	4	2,792	---	---	---
Net change in fund balance	1,027	943,928	17	147,065	1,092,037	---	1,092,037
Fund balance at beginning of year	828	15,290,706	5,038	208,820	15,505,392	---	15,505,392
Fund balance at end of year	\$ 1,855	\$ 16,234,634	\$ 5,055	\$ 355,885	\$ 16,597,429	\$ ---	\$ 16,597,429

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Comparative Supplemental Schedule of Employees and Salaries

	Year ended September 30,	
	<u>2023</u>	<u>2022</u>
Salaries and wages – regular	<u>\$185,386</u>	<u>\$180,399</u>
Employees at end of year	5	5

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Commissioners
Guam Ancestral Lands Commission

We have audited, in accordance with the 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, the financial statements of the Guam Ancestral Lands Commission (GALC), which comprise the balance sheet as of September 30, 2023, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the GALC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GALC's internal control. Accordingly, we do not express an opinion on the effectiveness of the GALC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the GALC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

February 6, 2026

Management Letter

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Year ended September 30, 2023



**Shape the future
with confidence**



Shape the future
with confidence

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February 6, 2026

Management and the Board of Commissioners
Guam Ancestral Lands Commission

In planning and performing our audit of the financial statements of Guam Ancestral Lands Commission (the “Commission”) as of and for the year ended September 30, 2023, 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 the Commission’s internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiency in internal control (as described above):

Improve Segregation of Duties

Observation:

We observed that there is a lack of segregation of duties in the preparation and posting of journal entries and the presentation of bank reconciliations. The lack of segregation of duties increases the risk that errors will not be detected and increases the risk of misappropriation of cash.

Recommendation:

Where there is a limited number of personnel, the lack of segregation of duties should be compensated by close review and supervision by management. Management should closely review bank reconciliations to ensure that the information is consistent with their understanding of GALC’s activities and investigate any results that differ from expectations.

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

At this time, we would like to thank all the staff and management of the Commission for their cooperation extended to us during our audit. We would be pleased to discuss the above matters or to respond to any questions at your convenience.

Ernst + Young LLP

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

Guam Ancestral Lands Commission
(A Governmental Fund of the Government of Guam)

Year ended September 30, 2023



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February 6, 2026

The Board of Commissioners
Guam Ancestral Lands Commission

We have performed an audit of the financial statements of Guam Ancestral Lands Commission (the GALC), a governmental fund of the Government of Guam, as of and for the year ended September 30, 2023, 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 February 6, 2026.

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 Commissioners (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of the GALC 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 August 3, 2023 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 other supplementary information are the responsibility of the GALC'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 November 2024 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 GALC'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.

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 2 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.

Related party relationships and transactions

We noted no significant matters regarding the GALC's relationships and transactions with related parties other than those disclosed in footnotes 4, 6 and 7 in the basic financial statements.

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 GALC.

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

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to the “Management Representations Letter” in Appendix A.

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

Refer to the “Management Representations Letter” in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses have been identified.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the November 2024 meeting and at the update status meetings during the audit.

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 the following GASB Statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

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 difficulties encountered in dealing with management in performing the audit.

Managements 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 the GALC 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 provide services for EY in connection with the Audit Services.

Representations we are requesting 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.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. 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 GALC's trial balance with our understanding that the GALC's underlying books and records are maintained by the GALC's accounting department and that the final trial balance prepared by the GALC is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the GALC.
- The GALC's Acting Program Coordinator has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Board of Commissioners, management, and the Office of Public Accountability - Guam and 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 – Management Representations Letter

A – Management Representations Letter

**BOARD OF
COMMISSIONERS**

Ronald F. Eclavea
Chairman

Ronald T. Laguana
Vice Chairman

Anita F. Orlino
Secretary/Treasurer

Angela M. Camacho
Commissioner

Maria G. Cruz
Commissioner

Louisa F. Wessling
Commissioner

Vacant
Commissioner

Street Address:
590 S. Marine Corps Drive
Suite 312 ITC Building
Tamuning, GU 96913

Mailing Address:
P.O. Box 2950
Hagåtña, GU 96932

Website:
<http://dlm.guam.gov>

E-mail Address:
admin@galc.guam.gov

Telephone:
671-473-LAND (5263)

Facsimile:
671-473-5267



LOURDES A. LEON GUERRERO
Maga'haga

JOSHUA F. TENORIO
Sigundo Maga'tahi

KUMISION I TÀNO' SAINA-TA
(Guahan Ancestral Lands Commission)



CATHERINE T.C. BLAS
Executive Director

February 06, 2026

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

Buenas yan Hafa Adai!

In connection with your audit of the basic financial statements of Guam Ancestral Lands Commission (the "GALC") as of September 30, 2023 and 2022, and for the years then ended, 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 respective financial position of the GALC and the respective changes in financial position, thereof, 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 August 3, 2023, 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 years.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GALC's ability to continue as a going concern for one year after the basic financial statement date.

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:

A – Management Representations Letter, continued

- 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 GALC 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 financial statements of any opinion unit that comprises 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 misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the basic financial statements.

Refer to the “Schedule of Uncorrected Misstatements” in Appendix A.

Corrected misstatements

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements.

Refer to the “Schedule of Corrected Misstatements” in Appendix B.

Internal control

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, 2023.

A – Management Representations Letter, continued

Minutes and contracts and internal audit reports

The dates of meetings of directors, committees of directors and important management committees from October 1, 2022 are as follows:

- November 18, 2022
- December 14, 2022
- January 11, 2023
- January 25, 2023
- February 1, 2023
- February 8, 2023
- February 22, 2023
- March 8, 2023
- March 20, 2023
- March 27, 2023
- April 12, 2023
- May 8, 2023
- July 12, 2023
- July 26, 2023
- August 9, 2023
- October 11, 2023
- November 29, 2023
- December 13, 2023
- February 13, 2024
- March 13, 2024
- April 10, 2024
- May 8, 2024
- June 12, 2024
- July 31, 2024
- October 30, 2024
- January 28, 2025
- January 30, 2025
- February 7, 2025
- March 12, 2025
- April 25, 2025

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 agreements and 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.

We also have 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 assets accounted for in accordance with GASB Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity’s nonfinancial asset (the underlying asset), the GALC 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. All assets to which the GALC has satisfactory title appear in the statements of net position.

A – Management Representations Letter, continued

Receivables and revenues

Adequate provision has been made for any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Revenues and other governmental fund financial resources are recognized in the period in which they became both measurable and available to finance expenditures of the fiscal period.

Leases

Our calculation of the cumulative effect of initially applying GASB Statement No. 87 - as amended that is reported as a restatement of beginning fund balance for the earliest period restated is in accordance with our accounting policies established under GASB Statement No. 87 - as amended.

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.

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.

Any changes made in the valuation technique or its application used to measure fair value have resulted in a measurement that is more representative of fair value in the circumstances.

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.

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.

A – Management Representations Letter, continued

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.

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 other than those disclosed in the financial statements.

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 other than those disclosed in the financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements other than those disclosed or accrued in 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 statement of financial 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 other than those reported in the financial statements, including guarantees of the debt of others.

A – Management Representations Letter, continued

Purchase commitments

At September 30, 2023 and 2022, the GALC 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, 2023 and 2022 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 GALC'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 disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the GALC'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 GALC.

Independence

We have communicated to you the names of GALC's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for the GALC.

We are not aware of any business relationship between the GALC and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

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

A – Management Representations Letter, continued

Conflicts of interest

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

Effects of adopting new accounting standards

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), as discussed in Note 2 to the financial statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

The GALC is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management’s Discussion and analysis, which have been measured and presented in conformity with the guidelines 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.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “Supplementary Information”):

- Combining Balance Sheet
- Combining Statement of Revenue, Expenditures, and Changes in Fund Balance
- Supplemental Schedule of Employees and Salaries

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.

A – Management Representations Letter, continued

Supplementary information, continued

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.

Additional 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 basic 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 and tax levies and refunds.

All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and 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.

Provisions for uncollectible receivables have been properly identified and recorded. Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.

Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.

Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Components of fund balance are properly classified and, if applicable, approved.

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 position is available is appropriately disclosed and net position was properly recognized under the policy.

A – Management Representations Letter, continued

Additional representations, continued

Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

As discussed in Note 1 to the financial statements, the financial statements of the GALC present only the GALC and are not intended to present fairly the financial position and results of operations of the Government of Guam in conformity with US GAAP.

Other matters

We have received a draft copy of our financial statements of the GALC as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of the GALC.

You have assisted in the preparation of the GALC's financial statements based on the information in the GALC's trial balance and accounting records. It is our understanding that:

- The GALC's underlying books and records are maintained by the GALC's accounting department and that the final trial balance prepared by the GALC is complete; and
- All adjusting journal entries posted to the trial balance have been approved by us, and
- Management of the GALC has designated a competent representative to oversee your services and that there are the GALC personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

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

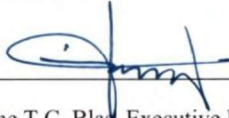
Subsequent events

Subsequent to September 30, 2023, no events or transactions as outlined in "Subsequent Events" in Appendix C 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 GALC'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, where applicable, cash flows of the GALC.

A – Management Representations Letter, continued

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 GALC 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,



Catherine T.C. Blas, Executive Director



Joseph B. Cruz, Acting Administrative Director

A – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Schedule of Corrected Misstatements

C – Subsequent Events Questionnaire

A – Management Representations Letter, continued

A – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity:		Period Ended:		Currency:									
Guam Ancestral Lands Commission		30-Sep-2023		USD									
No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/Credit					Effect on the current period OCI		Income statement effect of the current period		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 (Note 2)	Debit/Credit	Debit/Credit	Debit/Credit	Non-taxable	Prior period Debit/Credit	Non-taxable
Factual misstatements:													
PTSDG (P010) Difference on due to GovGuam General Fund per books vs per GovGuam record													
		Due to Gov Guam GF											
		GovGuam appropriation											(76,000)
SAD01 LRO To correct deferred inflow of resources and base rent													
		Base rent											76,000
		Lease receivable	28,038										
		Interest income											60,183
		Deferred inflow of resources			(165,116)								
Total of uncorrected misstatements before income tax			28,038	0	(165,116)	0	0	0	0	0	0	0	(76,000)
Total of uncorrected misstatements			28,038	0	(165,116)	0	0	0	0	0	0	0	(76,000)
Financial statement amounts			28,914,077		2613,076	(6,463,272)	(16,587,426)						(1,082,027)
Effect of uncorrected misstatements on F/S amounts			0.1%	0.0%	16.1%	0.0%	0.0%						-12.6%
Memo: Total of non-taxable items (marked 'X' above)													0
Uncorrected misstatements before income tax													(76,000)
Less: Tax effect of misstatements at current year marginal rate													0
Uncorrected misstatements in income tax													0
Cumulative effect of uncorrected misstatements after tax but before turnaround													(76,000)
Turnaround effect of prior period uncorrected misstatements													76,000
All factual and projected misstatements:													76,000
Judgmental misstatements (Note 3):													0
Cumulative effect of uncorrected misstatements, after turnaround effect													(1,082,027)
Current year income before tax													(1,082,027)
Current year income after tax													(1,082,027)

A – Management Representations Letter, continued

B – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Guam Ancestral Lands Commission

Period ended: 30-Sep-2023

Currency: 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 effect 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
RJE01	E.01	Reclass interest receivable on deferred revenue from Northern Market									
		Receivables, net - Accrued interest	123,336								
		Receivables, net - AR	(123,336)								
Total of corrected misstatements before income tax			0	0	0	0	0	0	0	0	0
Financial statement amounts			26,914,077	0	(913.37%)	(9,403,272)	(16,597,429)			(1,092,037)	
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%			0.0%	

A – Management Representations Letter, continued

C – Subsequent Events Questionnaire

Guam Ancestral Lands Commission

Subsequent Events Questionnaire

Coverage:

For the period from October 1, 2022 to audit report date

Question	Response Yes or No	If yes, please provide additional information
1 Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?	NO	
2 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? Have any other significant unusual transactions been entered into?	NO	
3 Have there been any new significant contingent liabilities or commitments that arisen, except as disclosed in the audited financial statements?	NO	
4 Have there been any significant changes that occurred in trends of sales/revenue or costs/expense that could affect accounting estimates (e.g. valuation of receivables or inventories, realization for deferred charges, provisions for warranties or employee benefits, provisions for warranties or employee benefits or unearned income, or reserve for losses and loss adjustment expense)?	NO	
5 Have 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 audited financial statements?	NO	
6 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	
7 Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?	NO	
8 Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?	NO	
9 Have there been any changes in the entity's related parties?	NO	
10 Have any significant new related party transactions occurred?	NO	
11 Have 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	
12 Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).	NO	
13 Did Guam Ancestral Lands Commission provide all of minutes of BOD meeting that were held subsequent to the balance sheet date?	NO	
14 Are you aware of any fraud or suspected fraud affecting Guam Ancestral Lands Commission 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 up to audit report date?	NO	
15 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 Guam Ancestral Lands Commission ?	NO	
16 Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?	NO	
17 Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?	NO	
18 Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?	NO	
19 Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?	NO	
20 Are you aware of any journal entries posted after September 30, 2023 that would have a material effect on the financial statements as of the balance sheet date?	NO	