

June 6, 2017

Honorable Edward Baza Calvo
Governor
Government of Guam

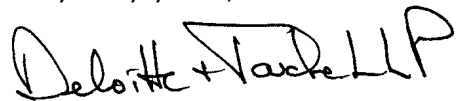
Dear Governor Calvo:

We have performed an audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated June 6, 2017.

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

This report is intended solely for the information and use of the management of GovGuam, others within the entity, the Office of Public Accountability, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

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

cc: The Management of Government of Guam



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

Our responsibility under generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated October 31, 2016. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on the fairness of GovGuam's financial statements and the accompanying supplementary information, in relation to the financial statements as a whole, for the year ended September 30, 2016 (the "financial statements"), in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") in all material respects, and to perform specified procedures on the required supplementary information for the year ended September 30, 2016;
- To express an opinion on whether the supplementary information that accompanies the financial statements, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements taken as a whole;
- To report on GovGuam's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2016, based on an audit of financial statements performed in accordance with standards applicable to financial audits contained in generally accepted government auditing standards; and
- To report on GovGuam's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

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

We also considered GovGuam's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of GovGuam's compliance with those requirements.



ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GovGuam's 2016 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based on management's evaluation of the collectability of current accounts and historical trends, management's estimate of the provision for tax refunds, which is determined based on periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. During the year ended September 30, 2016, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on GovGuam's financial reporting process. Such adjustments, listed in Attachment I, have been recorded in the accounting records and are reflected in the 2016 financial statements.

In addition, we have attached to this letter, as Appendix A, Appendix B and Appendix C to Attachment II, summaries of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and prior period presented and passed disclosures that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

GovGuam's significant accounting policies are set forth in Note 1 to GovGuam's 2016 financial statements. During the year ended September 30, 2016, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GovGuam:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014.

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

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements No. 67 and No. 68 with the reporting requirements in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not evaluated the impact that the implementation of this statement will have on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.



SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

We have evaluated the significant qualitative aspects of the GovGuam's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the GovGuam's 2016 financial statements.

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

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2016.

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

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

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

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

MANAGEMENT'S REPRESENTATIONS

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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



CONTROL-RELATED MATTERS

We have issued a separate report to you, dated June 6, 2017, on GovGuam's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. Within that report, we noted certain matters that were considered to be significant deficiencies under standards established by the American Institute of Certified Public Accountants. We have also issued a separate report to you, also dated June 6, 2017, involving GovGuam's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance.

We have communicated to management, in a separate letter also dated June 6, 2017, certain deficiencies and other matters related to GovGuam's internal control over financial reporting that we identified during our audit.

Although we have included management's written responses to our comments, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

**Government of Guam
Summary of Corrected Misstatements
September 30, 2016**

DEPARTMENT OF ADMINISTRATION

#	Name	Debit	Credit
1 AJE To adjust LOB 2016 bond			
135315813	AMT TO BE PROV LOB(SEC30)2016A	1,630,000	-
135321218	BOND PAYABLES LOB(SEC30)2016A	-	1,630,000
		<u>1,630,000</u>	<u>1,630,000</u>
2 AJE To adjust Capital Assets			
139018339	ALWS FOR DEPN-EQPT CONDEMNATIO	-	552,894
139018400	INFRASTRUCTURE	-	14,167
139042100	INVESTMENT IN FIXED ASSETS-GF	-	4,072,672
139018500	CONSTRUCTION IN PROGRESS	42,361	-
139018500	CONSTRUCTION IN PROGRESS	4,597,372	-
		<u>4,639,733</u>	<u>4,639,733</u>
3 AJE To adjust capital leases			
135321220	NOTES PAYABLE-TIYAN PROPERTIES	23,350,906	-
135321225	CAPITAL LEASES GDOE	3,260,305	-
135315671	AMOUNT TO BE PROVIDED - GDOE CAPITAL LEASES	-	26,454,544
135315672	CAPITAL LEASE PREPAYMENTS	-	31,667
135315673	MAINTENANCE AND INSURANCE RESERVE	-	125,000
		<u>26,611,211</u>	<u>26,611,211</u>
4 AJE To adjust GASB 68 calculation			
135316820	DEFERRED OUTFLOWS FR PENSIONS	-	12,416,923
135324005	DEFERRED INFLOWS FROM PENSIONS	4,004,984	-
135322005	NET PENSION LIABILITY	1,027,203	-
135316819	AMT TO BE PROV FOR PENSIONS	7,384,736	-
		<u>12,416,923</u>	<u>12,416,923</u>
5 AJE To reconcile opening fund balance			
290PH	MISCELLANEOUS	1,906	-
230TRN	CONTRACT	-	750
31015172J	MEDICAID ADMIN 9505GQ5048	-	1,090
110141110	FUND BALANCE	-	10,382
310151068	DPW FEDERAL HIGHWAYS	750	-
310157350	SALARY OVERPAYMENT	9,566	-
		<u>12,221</u>	<u>12,221</u>
6 AJE To adjust PC#3 and PC#39			
110111293	ACCT REC-U.S. HUMAN SERVICES	94	-
310556301	COMMUNITY HEALTH CENTER	-	94
105-111PH	REGULAR SALARY	-	88
105-112PH	OVERTIME SALARY	-	6
100-111PH	REGULAR SALARY	88	-
100-112PH	OVERTIME SALARY	6	-
		<u>189</u>	<u>189</u>
7 AJE To adjust PC#8			
230CIP	CONTRACT	-	19,211
310150230	ESTABLISH CYBER SECURITY PROGR	19,211	-
110111293	ACCT REC-U.S. HUMAN SERVICES	-	5,218
110111297	ACCT REC-U.S HOMELAND SECURITY	-	19,211
110121590	ACCRUED EXPENDITURES	19,211	-
310151733	PROJECT LAUNCH	200	-
310151752	NO WRONG DOOR PROGRAM-3YR PLAN	5,018	-
		<u>43,639</u>	<u>43,639</u>

**Government of Guam
Summary of Corrected Misstatements
September 30, 2016**

DEPARTMENT OF ADMINISTRATION, Continued

#	Name	Debit	Credit
8 AJE To adjust PC#11			
280PH	SUB-RECIPIENT/GRANTS	-	20,250
310152303	PATH GRANT SMX060052-94	20,250	-
110111293	ACCT REC-U.S. HUMAN SERVICES	-	20,250
110023211	DEP-BEHAVIORL STATE ADD QUESTN	20,250	-
		<u>40,500</u>	<u>40,500</u>
9 AJE To adjust PC#12			
111PH	REGULAR SALARY	5,522	-
113PH	FRINGE	9,582	-
110111293	ACCT REC-U.S. HUMAN SERVICES	15,104	-
100-111PH	REGULAR SALARY	-	5,522
100-113PH	FRINGE	-	9,582
310157823	EARLY CHILDHOOD MNTL HLTH SOC	-	15,104
		<u>30,208</u>	<u>30,208</u>
10 AJE To adjust PC#36			
290CS	MISCELLANEOUS	-	17,535
310057390	ADJUST PRIOR YRS EXPN/REV	17,535	-
110150800	Transfers In	17,535	-
310152522	FY '86 SURVEY & PLNG GRANT 66-	-	17,535
		<u>35,069</u>	<u>35,069</u>

UNIFIED COURTS**Operations Fund**

AJE To reconcile opening net position and Transfers In			
10-2611	Fund Balance	-	4
10-5299	Misc Others	4	-
10-1121	Accounts Receivable GovGuam	11,000	-
10-3001	Judiciary Local Appropriation	-	11,000
10-3001	Judiciary Local Appropriation	-	256,707
10-5299	Misc Others	256,707	-
		<u>267,711</u>	<u>267,711</u>

UNIFIED COURTS**Fiduciary Fund**

AJE To reconcile opening net position			
24-2611	Fund Balance	104	-
25-2611	Fund Balance	-	437
24-3199	Other Collection\Increase Fees	-	104
25-3199	Other Collection\Increase Fees	437	-
22-2500	Accounts Payables	-	5,000
22-2611	Fund Balance	5,000	-
		<u>5,541</u>	<u>5,541</u>

UNIFIED COURTS**Government Wide**

AJE To record accumulated depreciation			
32-1411	Accumulated Depreciation Bldg & Improvement	-	503,873
32-1413	Accumulated Depreciation Forensic Lab Bldg	-	33,800
32-1609	Investment F.A. - Forensic Lab	33,800	-
32-1610	Investment F.A. - Building & Improvement	503,873	-
		<u>537,673</u>	<u>537,673</u>

**Government of Guam
Summary of Corrected Misstatements
September 30, 2016**

LEGISLATURE**Operations Fund**

#	Name	Debit	Credit
	1 AJE Reconcile opening net position		
	Fund balance - prior years	865,733	-
	Liability	-	165,483
	Liability	-	700,000
	Accounts Payable - Others	-	34,000
	Due from general fund - billed	-	118,750
	Miscellaneous	152,500	-
		<u>1,018,233</u>	<u>1,018,233</u>

LEGISLATURE**Capital District Fund**

	1 AJE Reconcile opening net position		
5300	DUE FROM LEGISLATURE	356,982	-
7100	FUND BALANCE	-	356,982
		<u>356,982</u>	<u>356,982</u>

	2 AJE To record CY transactions		
01035	CASH IN BANK	25	-
4300-105	CAPITAL DISTRICT HAGATNA POST OFFICE	1,601	-
5300	DUE FROM LEGISLATURE	33,751	-
8301	CAPITAL OUTLAY	2,032,198	-
8301	CAPITAL OUTLAY	2,077,731	-
8101	REVENUES - INTERGOVERNMENTAL (GPT)	-	2,032,198
8300	EXPENDITURES	11,707	-
8400	PROCEEDS FROM LONG-TERM DEBT	-	2,123,189
4200-095	REVENUES - INT	-	1,601
4200-095	REVENUES - INT	-	25
		<u>4,157,013</u>	<u>4,157,013</u>

PUBLIC DEFENDER SERVICES CORP.**Operations Fund**

	AJE To correct opening net position and transfer in		
7001	Beginning Fund balance	730,560	-
4001	Miscellaneous income	-	730,560
2004-100	Deferred Revenue - Federal Contribution - Operations	583,794	-
6001-100	Transfers In - Operations	-	583,753
2200-100	Due from - Operations	-	41
		<u>1,314,354</u>	<u>1,314,354</u>



Eddie Baza Calvo
Governor
Ray Tenorio
Lt. Governor

Government of Guam
(Gubetnomenton Guahan)
Department of Administration
(Dipattamenton Atmenestration)
DIRECTOR'S OFFICE
(Ufisinan Direktot)

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Christine W. Baleto
Director
Vincent P. Arriola
Deputy Director

June 6, 2017

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning GU 96913

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (the "Government"), as of and for the year ended September 30, 2016, which collectively comprise the Government's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances of the Government in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, in conformity with GAAP.
- b. 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
 - To prevent and detect fraud.
- c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for general purpose financial statements obtained from the Government Finance Officers Association.

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

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

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:
 - a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
 - b. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
 - c. Deposits and investment securities are properly classified in the category of custodial credit risk.
 - d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - e. Required supplementary information is measured and presented within prescribed guidelines.
 - f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
 - g. The financial statements properly classify all funds and activities, including special and extraordinary items.
 - h. All funds that meet the quantitative criteria in the GASB Codification of Government Accounting and Financial Reporting Standards ("GASB Codification) Section 2200.159 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.
 - i. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - j. 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.
 - k. The Government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
 - l. The Government has followed GASB Codification Section 1800.178 regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.
 - m. Interfund, internal, and intra-Government activity and balances have been appropriately classified and reported.

- n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.
2. The Government has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. The Government has made available to you:
 - a. Financial records and related data for all financial transactions of the Government and for all funds administered by the Government. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Government and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - b. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
4. There has been no:
 - a. Action taken by Government management that contravenes the provisions of federal laws, or Guam laws, and laws and regulations, or of contracts and grants applicable to the Government.
 - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements, which have been provided to you.
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix A.
6. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior-year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2015 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.
7. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we identified certain disclosures that, although required GAAP, have been omitted from our financial statements. Those omitted disclosures that are regarded as more than clearly trivial are attached as Appendix C. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.
8. The Government has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Government and do not believe that the financial statements are materially misstated as a result of fraud.

9. We have no knowledge of any fraud or suspected fraud affecting the Government involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others, when the fraud could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Government's financial statements communicated by employees, former employees, analysts, regulators, or others.
11. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*, except as disclosed in Note 12 to the financial statements.
12. Significant assumptions used by us in making accounting estimates are reasonable.
13. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified and disclosed all of the Government's government programs and related activities subject to the OMB Uniform Guidance compliance audit. In addition, we have accurately completed the appropriate sections of the data collection form.
14. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance, and provisions of grants and contracts relating to the Government's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Government is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
15. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.
16. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
17. No events have occurred subsequent to September 30, 2016 that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.
18. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2016.

19. There have been no changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by the Government with regard to significant deficiencies and material weaknesses in internal control over compliance, subsequent to September 30, 2016.
20. Federal awards expenditures have been charged in accordance with applicable cost principles.
21. The Reporting Package submitted to the Federal Audit Clearinghouse (FAC) as defined by the Uniform Grant Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.
22. We have disclosed all contracts or other agreements with service organizations.
23. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal awards at those organizations.
24. We have:
 - a. Identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program under audit.
 - b. Complied, in all material respects, with the requirements identified above in connection with federal awards except as disclosed in the Schedule of Findings and Questioned Costs.
 - c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.
 - d. Made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
 - e. Identified and disclosed all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews related to the objectives of the audit.
 - f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.
 - g. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

- h. Monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Uniform Guidance.
 - i. Issued management decisions for audit findings that relate to federal awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed up to determine whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the Government.
 - j. Considered the results of the subrecipient's audits and made any necessary adjustments to the auditee's own books and records.
25. We are responsible for follow-up on all prior-year(s) findings. We have prepared a summary schedule of prior-year findings reporting the status of our efforts in implementation of the prior-year's corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with OMB Uniform Guidance.
26. We are responsible for taking corrective action plan on audit findings and have developed a corrective action plan that meets the requirements of OMB Uniform Guidance. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.
27. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
28. We have adopted the provisions of GASB Codification Section 2100, *Defining the Financial Reporting Government*. We believe that we have properly identified and reported as a component unit of the Government each organization that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Government*. The Public Utilities Commission (PUC) is a related organization under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39. PUC consists of seven members, all of whom are appointed by the Governor of Guam. The Government's accountability does not extend beyond the appointments. Accordingly, PUC is classified as another stand-alone governmental unit, not a component unit of the Government, and therefore is not part of the financial statements of the Government.

Except where otherwise stated below, matters less than \$3,500,000 collectively for the governmental activities and for the General Fund, \$1,750,000 collectively for the Federal Grants Assistance Fund, \$1,000,000 collectively for the GDOE Federal Grants Fund, \$100,000 collectively for the Landfill CIP Fund, \$4,250,000 for the Chamorro Lands Fund, and \$2,000,000 collectively for the aggregate remaining fund information are not considered to be exceptions that require disclosure for the purpose of the following representations. These amounts are not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

29. Except as listed in Appendix A and Appendix B, there are no transactions that have not been recorded and reflected in the financial statements.

30. The Government has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
31. Regarding related parties:
 - a. We have disclosed to you the identity of the Government's related parties and all the related party relationships and transactions of which we are aware.
 - b. To the extent applicable, related parties and all related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
32. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
33. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements.
 - b. The concentration makes the Government vulnerable to the risk of a near-term severe impact.
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
34. There are no:
 - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as discussed in Note 12 to the financial statements.
35. The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as discussed in Notes 2, 6, 12 and 13 to the financial statements.

36. The Government has complied with aspects of contractual agreements that may affect the financial statements.
37. No department or agency of the Government has reported a material instance of noncompliance to us.
38. The Government has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
39. No events have occurred after September 30, 2016, but before June 6, 2017, the date the financial statements were issued that requires consideration as adjustments to or disclosures in the financial statements.
40. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information.
 - b. The required supplementary information is measured and presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
41. Regarding supplementary information:
 - a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
42. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
43. During the year ended September 30, 2016, the Government implemented the following pronouncements:
 - GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The implementation of this statement required additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The implementation of this statement did not have a material effect on the Government's financial statements.
 - GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014. The implementation of this statement did not have a material effect on the Government's financial statements.
44. In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management believes that the implementation of this statement will have a material effect on the financial statements of the Government.
45. In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management believes that the implementation of this statement will have a material effect on the financial statements of the Government.
46. In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management believes that the implementation of this statement will have a material effect on the financial statements of the Government.

47. In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Government.
48. In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
49. In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
50. In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
51. In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
52. Management of the Government believes that it is in compliance with all significant limitations and restrictions of the 2009 Series A General Obligation Bonds, the 2011 Hotel Occupancy Tax Revenue Bonds, the 2011, 2012, 2013 and 2015 Business Privilege Tax Revenue Bonds indentures, the 2016 Series A Limited Obligation (Section 30) Bonds, and the 2006 and 2014 loan agreement covenants as of September 30, 2016.
53. Tax-exempt bonds issued have retained their tax-exempt status.
54. In prior years, the Government defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. At September 30, 2016, \$607,175,000 of bonds outstanding are considered defeased.

55. We have disclosed to you all additions or changes to the existing pension and other postretirement benefit plans.
56. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.
57. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans.
58. Estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as tax refunds payable and as a reduction of tax revenue. The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. This evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis.
59. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
60. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
61. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
62. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, *Pension Activities - Reporting for Benefits Provided through Trusts that Meet Specified Criteria*.
63. The Government 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 primary government not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, the Government management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, the Government reports all of its risk management activities in its General 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 risks in any of the past three fiscal years.
64. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.
65. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by the Government has been discovered.

66. As of September 30, 2016, the Government Retirement Fund has recorded a receivable due from the Government in the amount of \$32,557,914. No corresponding liability has been recorded within the Government's General Fund as it is management's determination that the liability is embodied within the governmental activities net pension obligation.
67. Other long-term liabilities include an amount due to the Internal Revenue Service (IRS) for excess Make Work Pay Credit payments received under the American Recovery and Reinvestment Act of 2009. In accordance with an agreement between the Government and the IRS, the amount due was renegotiated in the amount of \$19,937,926. The Government has yet to finalize repayment terms and conditions with the IRS; however, the Government anticipates repayment to occur in three equal annual amounts of \$5,500,000 with a final payment of \$3,437,926.

Very truly yours,



Christine A. Baleto
Director
Department of Administration



Kathrine B. Kakigi, CPA
Financial Manager
Department of Administration

**Government of Guam
Government-Wide
Appendix A
Summary of Uncorrected Misstatements
September 30, 2016**

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct net overstatement of capital assets		(1,591,838)					1,591,838	
		(1,591,838)					1,591,838	
						Net	1,591,838	

**Government of Guam
General Fund
Appendix A
Summary of Uncorrected Misstatements
September 30, 2016**

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct overstatement of other receivables due to incorrect revenue recognition		(1,174,807)					1,174,807	
To correct misstatement of cash and related accounts payable	3,336,809			(3,336,809)				
To correct misstatement of federal agency receivables and related provision for tax refunds payable	1,009,558			(587,250)				(422,308)
To correct overstatement of inter fund receivables		(925,759)					925,759	
To correct understatement of land purchase liability				(1,612,010)			1,612,010	
To correct understatement of GDOE inter fund receivable and related TPFA liability	1,937,180							(1,937,180)
To correct understatement of GDOE accounts payable				(813,368)			813,368	
To correct understatement of GDOE inter fund receivable and related payable to federal agencies	474,079							(474,079)
	6,757,626	(2,100,566)		(8,018,769)			4,525,944	(2,833,567)
							Net	1,692,377

**Government of Guam
Federal Grants Assistance Fund
Appendix A
Summary of Uncorrected Misstatements
September 30, 2016**

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct misstatement of SNAP revenues and related expenditures							607,592	(607,592)
To correct overstatement of GDOE TPFA liability		(1,937,180)	1,937,180					
To correct overstatement of GDOE payable to federal agencies			474,079	(474,079)				
		(1,937,180)	2,411,259	(474,079)			607,592	(607,592)
						Net	-	

**Government of Guam
 Other Governmental Funds
 Appendix A
 Summary of Uncorrected Misstatements
 September 30, 2016**

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct understatement of other receivables	756,571							(756,571)
To correct overstatement of inter fund payables			925,759					(925,759)
	756,571		925,759					(1,682,330)
						Net		(1,682,330)

**Government of Guam
 General Fund
 Appendix B
 Summary of Uncorrected Misstatements
 September 30, 2015**

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct understatement of GDOE accounts payable				(3,287,233)			3,287,233	
To correct understatement of GDOE inter fund receivable	1,384,091							(1,384,091)
	1,384,091			(3,287,233)			3,287,233	(1,384,091)
							Net	1,903,142

Government of Guam
 Government-Wide
 Appendix C
 Summary of Disclosure Items Passed
 September 30, 2016

Footnote Number	Footnote Title	Description of Omitted or Unclear Disclosure	Authoritative Literature Reference	Dollar Amount of Omitted or Unclear Disclosure
# 5	Capital Assets	Disposed and surveyed assets are not timely removed from the fixed asset balance therefore overstating total asset cost at year-end and related accumulated depreciation.	GASB Codification Section 1400, <i>Reporting Capital Assets</i>	\$ 3,882,405
# 5	Capital Assets	Assets are not reviewed to determine if they are compliant with the capitalization policy or capitalizable in nature before inclusion in the capital asset register therefore overstating total asset cost at year-end.	GASB Codification Section 1400, <i>Reporting Capital Assets</i>	\$ 3,497,499