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April 20, 2016

The Board of Directors  
Guam Economic Development Authority

Dear Members of the Board of Directors:

We have performed an audit of the financial statements of Guam Economic Development Authority (GEDA) as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated April 20, 2016.

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 GEDA is responsible.

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

Our responsibility under auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated December 7, 2015. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on whether the statement of net position of GEDA as of September 30, 2015 and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended (the “financial statements”), are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) and perform specified procedures on the required supplementary information for the year ended September 30, 2015.
- To express an opinion on whether the respective statements of fiduciary net position of the Guam Development Fund Act and the Agricultural Development Fund (collectively, the “Funds”), administered by GEDA, as of September 30, 2015 and the related statements of changes in fiduciary net position for the year then ended (collectively the “Fund financial statements”), are presented fairly, in all material respects, in accordance with generally accepted accounting principles.
- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole; and
- To report on GEDA’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, 2015 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

## **OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, CONTINUED**

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 GEDA'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 GEDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GEDA's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

### **ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GEDA's 2015 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2015, 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 GEDA's financial reporting process. Such proposed adjustments and financial statement reclassification entries, listed as Appendix A to Attachment I, have been recorded in the accounting records and are reflected in the 2015 financial statements.

In addition, listed in Appendices B and C to Attachment I, are summaries of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and prior period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **OTHER INFORMATION IN THE ANNUAL REPORTS OF GEDA**

When audited financial statements are included in documents containing other information, such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that GEDA issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in GEDA's 2015 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Directors.

## SIGNIFICANT ACCOUNTING POLICIES

GEDA's significant accounting policies are set forth in Note 1 to GEDA's 2015 financial statements. During the year ended September 30, 2015, there were no significant changes in previously adopted accounting policies or their application, except for the adoption of the following pronouncements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The implementation of these statements did have a material effect on the accompanying financial statements resulting in the restatement of GEDA's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. The implementation of GASB Statement No. 68 results in GEDA reporting deferred outflows of resources of \$452,725 and a net pension liability of \$4,938,636 as of October 1, 2013. GEDA's net position as of October 1, 2013 and GEDA's statement of revenues, expenses and changes in net position for the year ended September 30, 2014 have been restated to reflect the required adjustments as follows:

|   | As Previously<br><u>Reported</u> | <u>Adjustment</u>     | <u>As Restated</u>     |
|---|----------------------------------|-----------------------|------------------------|
| As of October 1, 2013:                  |                                  |                       |                        |
| Net position                            | \$ <u>(23,981,462)</u>           | \$ <u>(4,514,529)</u> | \$ <u>(28,495,991)</u> |
| For the year ended September 30, 2014:  |                                  |                       |                        |
| Salaries, wages and benefits<br>expense | \$ <u>2,409,821</u>              | \$ <u>(186,823)</u>   | \$ <u>2,222,998</u>    |
| Change in net position                  | \$ <u>100,860</u>                | \$ <u>186,823</u>     | \$ <u>287,683</u>      |
| As of September 30, 2014:               |                                  |                       |                        |
| Deferred outflows from pensions         | \$ <u>-</u>                      | \$ <u>476,077</u>     | \$ <u>476,077</u>      |
| Net pension liability                   | \$ <u>-</u>                      | \$ <u>(4,532,851)</u> | \$ <u>(4,532,851)</u>  |
| Deferred inflows from pensions          | \$ <u>-</u>                      | \$ <u>(270,932)</u>   | \$ <u>(270,932)</u>    |
| Net position                            | \$ <u>(23,880,602)</u>           | \$ <u>(4,327,706)</u> | \$ <u>(28,208,308)</u> |

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this statement did not have a material effect on the 2015 financial statements.

In February 2015, GASB issued 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 provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will 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 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 has not evaluated the impact 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 has not evaluated the impact 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 a material effect on the financial statements.

In June 2015, GASB issued 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 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 provisions in Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Management does not believe that the implementation of this statement will have a material effect 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.

## **DISAGREEMENTS WITH MANAGEMENT**

We have not had any disagreements with management related to matters that are material to GEDA's 2015 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 2015.

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

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions 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 Board of Directors.

## **SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

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

## **MANAGEMENT'S REPRESENTATIONS**

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

## **CONTROL-RELATED MATTERS**

We have issued a separate report to you, dated April 20, 2016, on GEDA'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*.

We have communicated to management, in a separate letter also dated April 20, 2016, other matters related to GEDA's internal control over financial reporting that we identified during our audit.

This report is intended solely for the information and use of the Board of Directors, the management of Guam Economic Development Authority 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. However, this report is also a matter of public record.

Very truly yours,

*Deloitte & Touche LLP*



**GEDA**  
**Guam Economic Development Authority**  
*Aturidãd Inadilãnton Ikunumihan Guahan*

**ATTACHMENT I**  
**EDDIE BAZA CALVO**  
GOVERNOR OF GUAM  
I MAGA'LAHEN GUAHAN  
**RAY TENORIO**  
LT. GOVERNOR OF GUAM  
I SEGUNDO NA MAGA'LAHEN GUAHAN  
**JAY ROJAS**  
ADMINISTRATOR  
ADMINISTRADOT  
**MANA SILVA TAJERON**  
DEPUTY ADMINISTRATOR  
SIGUNDO NA ADMINSTRADOT

April 20, 2016

Deloitte & Touche LLP  
361 South Marine Drive  
Tamuning, Guam 96913

We are providing this letter in connection with your audits of the statements of net position of the Guam Economic Development Authority (the Authority or GEDA) (a component unit of the Government of Guam), which also include the accounts of the Tobacco Settlement Authority (TSA) and the State Small Business Credit Initiative (SSBCI) as of September 30, 2015 and 2014, and the related statements of operations and net position and of cash flows for the years ended, and the statements of fiduciary net position of the Guam Development Fund Act (GDFA) and the Agricultural Development Fund (ADF) (together, the Funds) as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial positions, and results of operations and/or changes in net position or cash flows of the Authority and of the Funds in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the basic financial statements of financial position, results of operations, and cash flows of GEDA and the Funds, in conformity with accounting principles generally accepted in the United States of America (GAAP).
- b. The design, implementation, and maintenance of programs and 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, accompanying schedules 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 the accounting policies generally accepted in the United States of America. Our review was based on the use of the Stand-alone Business-Type Activities Checklist by the Government Finance Officers Association. Additionally, we agreed with the adjusting and reclassification entries included in Appendix A.



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April 20, 2016

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

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

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:
  - a. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
  - b. Deposits and investment securities are properly classified in the category of custodial credit risk.
  - c. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
  - d. Required supplementary information is measured and presented within prescribed guidelines.
  - e. Revenues and expenses are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues, non-operating revenues and expenses.
  - f. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
2. GEDA has made available to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. GEDA has provided you:
  - a. All minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared, as follows:

| <u>Name</u>     | <u>Date</u>       | <u>Name</u>     | <u>Date</u>        |
|-----------------|-------------------|-----------------|--------------------|
| Regular Meeting | October 17, 2014  | Regular Meeting | July 28, 2015      |
| Regular Meeting | November 20, 2014 | Regular Meeting | July 31, 2015      |
| Regular Meeting | December 18, 2014 | Regular Meeting | August 28, 2015    |
| Regular Meeting | January 22, 2015  | Regular Meeting | September 25, 2015 |
| Regular Meeting | February 19, 2015 | Regular Meeting | October 29, 2015   |
| Regular Meeting | March 19, 2015    | Regular Meeting | November 19, 2015  |
| Regular Meeting | April 16, 2015    | Regular Meeting | December 17, 2015  |
| Regular Meeting | May 28 2015       | Regular Meeting | January 21, 2016   |
| Regular Meeting | June 26, 2015     |                 |                    |

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April 20, 2016

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Minutes of meetings subsequent to January 21, 2016 have not been approved. We represent that there were not significant matters discussed during those meetings that would affect the September 30, 2015 financial statements.

- b. All financial records and related data for all financial transactions of GEDA and for all funds administered by GEDA. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GEDA 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.
    - c. 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 GEDA's management that contravenes the provisions of federal laws and Guam laws and regulations, or of contracts and grants applicable to GEDA and for all funds administered by GEDA.
  - b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.
6. We understand accounts payable was tested using statistical or other sampling techniques and that certain errors in recording accounts payable as of September 30, 2015, were found by you in the sample items selected. The effect of the factual errors identified has been included in the summary of uncorrected misstatements attached to this letter as Appendix B. We also understand that to estimate the total amount of errors in accounts payable, a mathematical projection of the likely errors has been computed, which results in a potential overstatement of \$5,438 of accounts payable at September 30, 2015. Only additional testing and verification by either GEDA or you would produce a more accurate estimate of the errors within accounts payable. Such potential overstatement is not included as part of Appendix B. Based on our judgment of the materiality of the overstatement, we believe the effects of such potential unrecorded errors, as well as the effects when considered with the items in Appendix B, are immaterial to the financial statements taken as a whole.
7. 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, 2014 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix C.

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April 20, 2016

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8. Management 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 Authority 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 GEDA involving:
    - a. Management.
    - b. Employees who have significant roles in internal control over financial reporting.
    - c. Others, where 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 GEDA's financial statements communicated employees, former employees, analysts, regulators, or others.
  11. There are no unasserted claims or assessments that we are aware or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*.
  12. Significant assumptions used by us in making accounting estimates are reasonable.
  13. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
- Except where otherwise stated below, matters less than \$12,200 (GEDA), \$1,400 (SSBCI), \$64,200 (GDFA) and \$5,600 (ADF) collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.
14. Except as listed in Appendix B, there are no transactions that have not been properly recorded and reflected in the financial statements.
  15. GEDA has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
  16. Regarding related parties:
    - a. We have disclosed to you the identity of GEDA'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 the 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.

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April 20, 2016

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17. 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.
18. 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*.
19. GEDA 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 disclosed in the financial statements.
20. GEDA has complied with all aspects of contractual agreements that may affect the financial statements, including all requirements associated with the 2007 Series bonds.
21. No department or agency GEDA has reported a material instance of noncompliance to us.
22. 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.
23. Regarding supplementary information:
  - a. We are responsible for the fair presentation of the supplementary information in accordance with GAAP
  - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP
  - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

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24. During fiscal year 2015, GEDA implemented the following pronouncements:

- *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The implementation of these statements did have a material effect on the accompanying financial statements resulting in the restatement of GEDA's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. The implementation of GASB Statement No. 68 results in GEDA reporting deferred outflows of resources of \$452,725 and a net pension liability of \$4,938,636 as of October 1, 2013. GEDA's net position as of October 1, 2013 and GEDA's statement of revenues, expenses and changes in net position for the year ended September 30, 2014 have been restated to reflect the required adjustments.
- *GASB Statement No. 69, Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this statement did not have a material effect on the 2015 financial statements.

In February 2015, GASB issued 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 provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements.

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 has not evaluated the impact that the implementation of this statement will have a material effect on the financial statements.

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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.

25. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity:
- a. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied.
  - b. The completeness and adequacy of the disclosures related to fair values are in conformity with GAAP.
  - c. No events have occurred after September 30, 2015, but before April 20, 2016, the date the financial statements were available to be issued that require adjustment to the fair value measurements and disclosures included in the financial statements.

Deloitte & Touche LLP  
April 20, 2016

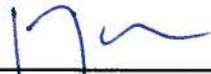
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26. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
27. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
28. 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.
29. GEDA is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
30. GEDA is planning to establish an investor relations website (the Project) that will provide access to investors to the Government of Guam bonds information. We have an agreement with the Guam Waterworks Authority (GWA) to use the excess funds received from reimbursements for bond related costs for this Project and will reimburse the remaining balance to GWA.
31. We believe that all expenditures that have been deferred to future periods are recoverable.
32. We have no intention of terminating our participation in the Government of Guam Retirement plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.
33. We agree with the findings of the expert contracted by the Government of Guam Retirement Fund for the actuarial evaluation of the Government of Guam's retirement plan. We did not give any instructions, nor cause any instructions to be given, to management's expert with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's expert.
34. GEDA has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.
35. Money or similar assets handled by the Authority on behalf of the Government of Guam or Federal Government have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.
36. No evidence of fraud or dishonesty in fiscal operations of programs administered by the Authority has been discovered.
37. In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. GEDA has determined that it is not subject to the law as its employees are not classified and as such, has not paid or recorded any merit bonus through the date of this letter.

Deloitte & Touche LLP  
April 20, 2016

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38. No events have occurred after September 30, 2015, but before April 20, 2016, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.



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Jay Rojas  
Administrator



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Mana Silva Taijeron  
Deputy Administrator

## APPENDIX A

| GEDA  |  |                   |                   |
|---|--|-------------------|-------------------|
| #   | Name   | Debit             | Credit            |
| <b>1 CAJE To correct beginning net position</b>             |  |                   |                   |
| 4500  | FUND BALANCE   | -                 | 1,777.00          |
| 1105  | Allowance for Investment   | -                 | 105.00            |
| 1101  | INVESTMENTS-BANK OF GUAM   | 1,882.00          | -                 |
|   |  | <u>1,882.00</u>   | <u>1,882.00</u>   |
|   | To agree beginning net position.   |                   |                   |
| <b>1 AJE To transfer G DFA share to GEDA</b>                |  |                   |                   |
| 4500  | FUND BALANCE   | 527,700.00        | -                 |
| 2230  | PENSION LIABILITY (GASB 68)  | -                 | 527,700.00        |
|   |  | <u>527,700.00</u> | <u>527,700.00</u> |
|   | To transfer net pension liability recorded in G DFA fund.                  |                   |                   |
| <b>2 AJE To record deferred outflows/inflows</b>            |  |                   |                   |
| 2230  | PENSION LIABILITY (GASB 68)  | 56,150.01         | -                 |
| 1911  | Deferred Outflows of Resources from Pension                                | 31,522.99         | -                 |
| 2401  | Deferred Inflows of Resources from Pension                                 | -                 | 87,673.00         |
|   |  | <u>87,673.00</u>  | <u>87,673.00</u>  |
|   | To record deferred outflows and inflows related to GASB 68 implementation. |                   |                   |
| <b>3 AJE To record pension expense</b>                      |  |                   |                   |
| 7121  | Employee Benefit - Retirement  | 229,459.21        | -                 |
| 2230  | PENSION LIABILITY (GASB 68)  | -                 | 229,459.21        |
|   |  | <u>229,459.21</u> | <u>229,459.21</u> |
|   | To record pension expense.   |                   |                   |
| <b>4 AJE To record contributions after measurement date</b> |  |                   |                   |
| 7121  | Employee Benefit - Retirement  | -                 | 504,594.00        |
| 1911  | Deferred Outflows of Resources from Pension                                | 504,594.00        | -                 |
|   |  | <u>504,594.00</u> | <u>504,594.00</u> |
|   | To record contributions after measurement date as deferred outflow.        |                   |                   |
| <b>5 AJE To agree deferred inflows</b>                      |  |                   |                   |
| 2230  | PENSION LIABILITY (GASB 68)  | 265,578.00        | -                 |
| 2401  | Deferred Inflows of Resources from Pension                                 | -                 | 265,578.00        |
|   |  | <u>265,578.00</u> | <u>265,578.00</u> |
|   | To agree deferred inflows.   |                   |                   |
| <b>6 AJE To agree net pension liability</b>                 |  |                   |                   |
| 4500  | FUND BALANCE   | -                 | 434,613.00        |
| 7121  | Employee Benefit - Retirement  | 13,519.80         | -                 |
| 2230  | PENSION LIABILITY (GASB 68)  | 421,093.20        | -                 |
|   |  | <u>434,613.00</u> | <u>434,613.00</u> |
|   | To agree net pension liability.  |                   |                   |

## APPENDIX A, CONTINUED

|        |   |                   |                   |
|--------|---|-------------------|-------------------|
|        | <b>7 AJE To adjust overpayment of office lease</b>                  |                   |                   |
| 7201   | Office Space Lease  | -                 | 15,740.55         |
| 1500   | DUE TO/FROM GDFA  | -                 | 5,003.45          |
| 1600   | PREPAID EXPENSES  | 20,744.00         | -                 |
|        |   | <u>20,744.00</u>  | <u>20,744.00</u>  |
|        | To adjust double payment of office lease.                           |                   |                   |
|        | <b>8 AJE To adjust investments</b>                                  |                   |                   |
| 5140   | Interest - Investments  | -                 | 5,875.44          |
| 7717   | Investment Custodial Fees   | 4,257.79          | -                 |
| 1101   | INVESTMENTS-BANK OF GUAM  | 1,617.65          | -                 |
|        |   | <u>5,875.44</u>   | <u>5,875.44</u>   |
|        | To adjust investments   |                   |                   |
|        | <b>9 AJE To record reversal of incorrect billing</b>                |                   |                   |
| 1200   | INDUSTRIAL PARK RENT REC.   | -                 | 6,386.92          |
| 5110   | Industrial Park Rental Income                                       | 6,386.92          | -                 |
|        |   | <u>6,386.92</u>   | <u>6,386.92</u>   |
|        | To record reversal of incorrect billing                             |                   |                   |
|        | <b>10 AJE To record notes receivable for sale of Manhita Farms</b>  |                   |                   |
| 5300   | OTHER REVENUE   | -                 | 100,000.00        |
| DT 001 | Notes receivable  | 100,000.00        | -                 |
|        |   | <u>100,000.00</u> | <u>100,000.00</u> |
|        | To record notes receivable for sale of Manhita Farms                |                   |                   |
|        | <b>11 AJE To reverse double entry error re: payable to PacTours</b> |                   |                   |
| 7801   | Travel - Off Island   | -                 | 16,535.45         |
| 2011   | Accounts Payable  | 16,535.45         | -                 |
|        |   | <u>16,535.45</u>  | <u>16,535.45</u>  |
|        | To reverse double entry error re: payable to PacTours               |                   |                   |
|        | <b>12 AJE To reclassify FY2015 COLA benefits</b>                    |                   |                   |
| 7121   | Employee Benefit - Retirement                                       | -                 | 22,000.00         |
| 7126   | Retiree: Supplemental/Benefits                                      | 22,000.00         | -                 |
|        |   | <u>22,000.00</u>  | <u>22,000.00</u>  |
|        | To reclassify FY2015 COLA benefits                                  |                   |                   |
|        | <b>13 AJE To reverse double entry on FICA payable</b>               |                   |                   |
| 2130   | FICA PAYROLL PAYABLE  | 10,567.24         | -                 |
| 7122   | Employee Benefit - FICA   | -                 | 10,567.24         |
|        |   | <u>10,567.24</u>  | <u>10,567.24</u>  |
|        | To reverse double entry on FICA payable.                            |                   |                   |
|        | <b>14 AJE To offset surveying cost against gain on sale</b>         |                   |                   |
| 1510   | DUE TO/FROM ADF   | -                 | 14,225.00         |
| 5300   | OTHER REVENUE   | 14,225.00         | -                 |
|        |   | <u>14,225.00</u>  | <u>14,225.00</u>  |
|        | To net surveying cost against gain on sale.                         |                   |                   |

## APPENDIX A, CONTINUED

|      |   |                   |                   |
|------|---|-------------------|-------------------|
|      | <b>1 RJE To reclassify BOG stock</b>  |                   |                   |
| 1101 | INVESTMENTS-BANK OF GUAM  | -                 | 3,500.00          |
| 1811 | Equity investment - BOG stock   | 3,500.00          | -                 |
|      |   | <u>3,500.00</u>   | <u>3,500.00</u>   |
|      | To reclass to FS presentation.  |                   |                   |
|      | <b>2 RJE To reclass deposits - GALC</b>   |                   |                   |
| 2016 | Security Deposit - Lease  | 149,410.00        | -                 |
| 2017 | Deposits due to GALC  | -                 | 149,410.00        |
|      |   | <u>149,410.00</u> | <u>149,410.00</u> |
|      | To separately present deposits due to GALC.   |                   |                   |
|      | <b>3 RJE To reclass change in investment value</b>  |                   |                   |
| 5140 | Interest - Investments  | 56,823.31         | -                 |
| 5400 | Net change in fair value of investments   | -                 | 56,823.31         |
|      |   | <u>56,823.31</u>  | <u>56,823.31</u>  |
|      | To reclass change in investment value and separately present from interest and dividends from investment. |                   |                   |
|      | <b>4 RJE To reclass SSBCI reimbursement</b>   |                   |                   |
| 7110 | Regular Salary  | 31,762.00         | -                 |
| 2011 | Accounts Payable  | 31,762.00         | -                 |
| 1506 | DUE TO/FROM SSBCI   | -                 | 31,762.00         |
| 8015 | PRIOR YEAR ADJUSTMENT   | -                 | 31,762.00         |
|      |   | <u>63,524.00</u>  | <u>63,524.00</u>  |
|      | To reclass SSBCI unallowed costs absorbed by GEDA.  |                   |                   |
|      | <b>5 RJE To reclass credit reimburseable expenses to AP</b>   |                   |                   |
| 1455 | Reimbursable Expense  | 83,148.00         | -                 |
| 2011 | Accounts Payable  | -                 | 83,148.00         |
|      |   | <u>83,148.00</u>  | <u>83,148.00</u>  |
|      | To reclass credit reimburseable expenses to AP.   |                   |                   |

## SSBCI

| #       | Name   | Debit            | Credit           |
|---------|--|------------------|------------------|
|         | <b>1 CAJE To correct beginning net position</b>              |                  |                  |
| 4500    | FUND BALANCE   | 64,131.00        | -                |
| 1100    | INVESTMENTS  | 17,091.00        | -                |
| 1101    | INVESTMENTS-BANK OF GUAM                                     | -                | 81,222.00        |
|         |  | <u>81,222.00</u> | <u>81,222.00</u> |
|         | To correct beginning net position.                           |                  |                  |
|         | <b>1 AJE To adjust investments</b>                           |                  |                  |
| 5140    | Interest - Investments                                       | -                | 64,131.13        |
| 1101    | INVESTMENTS-BANK OF GUAM                                     | 64,131.13        | -                |
|         |  | <u>64,131.13</u> | <u>64,131.13</u> |
|         | To adjust investments  |                  |                  |
|         | <b>3 AJE To record guarantee loss for the defaulted loan</b> |                  |                  |
| 1300    | DIRECT LOANS RECEIVABLE                                      | -                | 40,989.00        |
| DT 1003 | Guarantee loss   | 40,989.00        | -                |
|         |  | <u>40,989.00</u> | <u>40,989.00</u> |
|         | To record guarantee loss for the defaulted loan              |                  |                  |
|         | <b>4 AJE To record revenue for payouts made</b>              |                  |                  |
| DT 1001 | Grants Revenue   | -                | 40,989.00        |
| 2325    | Unearned Grants Revenue                                      | 40,989.00        | -                |
|         |  | <u>40,989.00</u> | <u>40,989.00</u> |
|         | To record revenue for payouts made                           |                  |                  |

## APPENDIX A, CONTINUED

|         |   |                  |                  |
|---------|---|------------------|------------------|
|         | <b>5 AJE To record guarantee fees</b>   |                  |                  |
| 5300    | OTHER REVENUE   | -                | 4,000.00         |
| 1506    | DUE TO/FROM SSBCI   | 4,000.00         | -                |
|         |   | <u>4,000.00</u>  | <u>4,000.00</u>  |
|         | To record guarantee fees  |                  |                  |
|         | <b>6 AJE To adjust unearned revenue</b>   |                  |                  |
| DT 1001 | Grants Revenue  | -                | 28,668.00        |
| 2325    | Unearned Grants Revenue   | 28,668.00        | -                |
|         |   | <u>28,668.00</u> | <u>28,668.00</u> |
|         | To adjust unearned revenue  |                  |                  |
|         | <b>7 AJE To adjust unallowed costs</b>  |                  |                  |
| 1501    | DUE TO/FROM GEDA GENERAL  | 31,762.00        | -                |
| 7110    | Regular Salary  | -                | 31,762.00        |
|         |   | <u>31,762.00</u> | <u>31,762.00</u> |
|         | To record subsequent reimbursement by GEDA for unallowed SSBCI costs.                                     |                  |                  |
|         | <b>1 RJE To reclass change in investment value</b>  |                  |                  |
| 5140    | Interest - Investments  | -                | 27,280.51        |
| 5400    | Net change in fair value of investments   | 27,280.51        | -                |
|         |   | <u>27,280.51</u> | <u>27,280.51</u> |
|         | To reclass change in investment value and separately present from interest and dividends from investment. |                  |                  |

## TSA

| #     | Name  | Debit               | Credit              |
|-------|---|---------------------|---------------------|
|       | <b>1 AJE To record FY2015 activities</b>                    |                     |                     |
| 5100  | Cash and Cash Equivalent                                    | 16,178.58           | -                   |
| 8100  | Tobacco Settlement Revenue - Receipts                       | -                   | 2,920,518.54        |
| 8310  | Trustee fees  | 11,496.21           | -                   |
| 8300  | Interest Expense - Semi-Annual Payment                      | 1,497,843.75        | -                   |
| 7240  | Other Prof Svc/BRAC Related Ex                              | 10,000.00           | -                   |
| 6310A | Series 2007 A Bond Payable                                  | 1,385,000.00        | -                   |
|       |   | <u>2,920,518.54</u> | <u>2,920,518.54</u> |
|       | To record FY2015 transactions in 2007 series funds.         |                     |                     |
|       | <b>2 AJE To amortize 2001 bond defease cost</b>             |                     |                     |
| 6322  | Bond defeasance cost  | -                   | 310,842.26          |
| 8305  | Interest Expense - Bond Defeasance Cost Amortization        | 310,842.26          | -                   |
|       |   | <u>310,842.26</u>   | <u>310,842.26</u>   |
|       | To record amortization of series 2001 bond defeasance cost. |                     |                     |
|       | <b>3 AJE To amortize 2007 bond discount</b>                 |                     |                     |
| 6320  | Discount on Bond Issuance                                   | -                   | 119,610.78          |
| 8303  | Interest Expense - Issuance Discount Amortization           | 119,610.78          | -                   |
|       |   | <u>119,610.78</u>   | <u>119,610.78</u>   |
|       | To amortize 2007 bond issuance discount.                    |                     |                     |

## APPENDIX A, CONTINUED

|       |   |                   |                   |
|-------|---|-------------------|-------------------|
|       | <b>4 AJE To adjust accrued interest</b>                             |                   |                   |
| 6120  | Interest Payable  | 25,000.00         | -                 |
| 8301  | Interest Expense - Accrual Adjustment                               | -                 | 25,000.00         |
|       |   | <u>25,000.00</u>  | <u>25,000.00</u>  |
|       | To adjust accrued interest payable.                                 |                   |                   |
|       | <b>5 AJE To amortize CAB discount</b>                               |                   |                   |
| 6321  | Discount on Bond Issuance - Capital Appreciation Bond               | -                 | 406,401.60        |
| 8306  | Interest Expense - Series B CAB Accretion                           | 406,401.60        | -                 |
|       |   | <u>406,401.60</u> | <u>406,401.60</u> |
|       | To Accret Series B CAB.   |                   |                   |
|       | <b>6 AJE To adjust TSA expenses and other receipts</b>              |                   |                   |
| 8100  | Tobacco Settlement Revenue - Receipts                               | -                 | 47,837.07         |
| 7801  | Other expenses  | 9,657.97          | -                 |
| 6110  | Accounts Payable  | 38,179.10         | -                 |
|       |   | <u>47,837.07</u>  | <u>47,837.07</u>  |
|       | To adjust TSA expenses and other receipts for TSA received by GEDA. |                   |                   |
|       | <b>1 RJE To reclassify current portion of A term bond</b>           |                   |                   |
| 6110A | Current Portion of Series 2007 A                                    | -                 | 150,000.00        |
| 6310A | Series 2007 A Bond Payable  | 150,000.00        | -                 |
|       |   | <u>150,000.00</u> | <u>150,000.00</u> |
|       | To adjust current portion.  |                   |                   |

## G DFA

| #    | Name  | Debit             | Credit            |
|------|---|-------------------|-------------------|
|      | <b>1 CAJE To correct beginning net position</b>           |                   |                   |
| 4500 | FUND BALANCE  | -                 | 5,052.00          |
| 1105 | Allowance for Investment                                  | 6,805.00          | -                 |
| 1101 | INVESTMENTS-BANK OF GUAM                                  | -                 | 1,753.00          |
|      |   | <u>6,805.00</u>   | <u>6,805.00</u>   |
|      | To correct beginning net position.                        |                   |                   |
|      | <b>1 AJE To transfer G DFA share to GEDA</b>              |                   |                   |
| 4500 | FUND BALANCE  | -                 | 527,700.00        |
| 2230 | PENSION LIABILITY (GASB 68)                               | 527,700.00        | -                 |
|      |   | <u>527,700.00</u> | <u>527,700.00</u> |
|      | To transfer G DFA share of net pension liability to GEDA. |                   |                   |
|      | <b>2 AJE To adjust overpayment of office lease</b>        |                   |                   |
| 1501 | DUE TO/FROM GEDA GENERAL                                  | 5,003.45          | -                 |
| 7201 | Office Space Lease  | -                 | 5,003.45          |
|      |   | <u>5,003.45</u>   | <u>5,003.45</u>   |
|      | To adjust double payment of office lease.                 |                   |                   |
|      | <b>3 AJE To adjust investments</b>                        |                   |                   |
| 5140 | Interest - Investments                                    | -                 | 75,288.95         |
| 7717 | Investment Custodial Fees                                 | 73,535.57         | -                 |
| 1101 | INVESTMENTS-BANK OF GUAM                                  | 1,753.38          | -                 |
|      |   | <u>75,288.95</u>  | <u>75,288.95</u>  |
|      | To adjust investments                                     |                   |                   |

## APPENDIX A, CONTINUED

|      |   |                   |                   |
|------|---|-------------------|-------------------|
|      | <b>1 RJE To reclass change in investment value</b>  |                   |                   |
| 5140 | Interest - Investments  | -                 | 563,999.10        |
| 5400 | Net change in fair value of investments   | 563,999.10        | -                 |
|      |   | <u>563,999.10</u> | <u>563,999.10</u> |
|      | To reclass change in investment value and separately present from interest and dividends from investment. |                   |                   |

| ADF  |   |                  |                  |
|------|---|------------------|------------------|
| #    | Name  | Debit            | Credit           |
|      | <b>1 CAJE To correct beginning net position</b>   |                  |                  |
| 4500 | FUND BALANCE  | -                | 1,476.00         |
| 1105 | Allowance for Investment  | -                | 1,895.00         |
| 1101 | INVESTMENTS-BANK OF GUAM  | 3,371.00         | -                |
|      |   | <u>3,371.00</u>  | <u>3,371.00</u>  |
|      | To correct beginning net position.  |                  |                  |
|      | <b>1 AJE To adjust investments</b>  |                  |                  |
| 5140 | Interest - Investments  | 2,154.85         | -                |
| 7717 | Investment Custodial Fees   | 1,216.01         | -                |
| 1101 | INVESTMENTS-BANK OF GUAM  | -                | 3,370.86         |
|      |   | <u>3,370.86</u>  | <u>3,370.86</u>  |
|      | To adjust investments   |                  |                  |
|      | <b>2 AJE To adjust allowance for ADF loan reserve</b>   |                  |                  |
| 1330 | ALLOW FOR DOUBTFUL ACCOUNTS   | -                | 5,000.00         |
| 8007 | PROVISION FOR BAD DEBTS   | 5,000.00         | -                |
|      |   | <u>5,000.00</u>  | <u>5,000.00</u>  |
|      | To adjust allowance for ADF loan reserve  |                  |                  |
|      | <b>3 AJE To reverse surveying costs</b>   |                  |                  |
| 1501 | DUE TO/FROM GEDA GENERAL  | 14,225.00        | -                |
| 7206 | Surveying & Appraisal   | -                | 14,225.00        |
|      |   | <u>14,225.00</u> | <u>14,225.00</u> |
|      | To charge surveying costs to GEDA fund.   |                  |                  |
|      | <b>1 RJE To reclass change in investment value</b>  |                  |                  |
| 5140 | Interest - Investments  | -                | 12,134.05        |
| 5400 | Net change in fair value of investments   | 12,134.05        | -                |
|      |   | <u>12,134.05</u> | <u>12,134.05</u> |
|      | To reclass change in investment value and separately present from interest and dividends from investment. |                  |                  |

## APPENDIX B

|  | <b>Assets</b>   | <b>Liabilities</b> | <b>Change in Net<br/>Position</b> |
|--|-----------------|--------------------|-----------------------------------|
|  | <b>Dr (Cr)</b>  | <b>Dr (Cr)</b>     | <b>Dr (Cr)</b>                    |
| <b>GEDA:</b>   |                 |                    |                                   |
| 1. To record GASB 68 variances (2014 valuation report)                   | (16,239)        | 18,874             | (2,635)                           |
| 2. To record adjustment to sick leave liability                          |                 | 9,728              | (9,728)                           |
| 3. To record Sept. 2015 Invest in Guam prof/marketing services           |                 | (3,700)            | 3,700                             |
| 4. To record additional allowance for doubtful accounts                  | (22,847)        |                    | 22,847                            |
| 5. To adjust reimbursable expense from GRRP                              | (16,816)        |                    | 16,816                            |
| <b>GDFA:</b>   |                 |                    |                                   |
| 1. To adjust allowance for loan losses                                   | (15,000)        |                    | 15,000                            |
| 2. To adjust interest accrual  | 11,223          |                    | (11,223)                          |
| 3. To reclassify excess proceeds from Heli-Guam's collateral foreclosure | 33,024          | (20,473)           | (12,551)                          |
|  | <b>(26,655)</b> | <b>4,429</b>       | <b>22,226</b>                     |

## APPENDIX C

|  | <b>Assets</b>   | <b>Liabilities</b> | <b>Change in Net<br/>Position</b> |
|--|-----------------|--------------------|-----------------------------------|
|  | <b>Dr (Cr)</b>  | <b>Dr (Cr)</b>     | <b>Dr (Cr)</b>                    |
| <b>GEDA:</b>   |                 |                    |                                   |
| 1. To record GASB 68 variances (2013 valuation report) | (22,443)        | 28,619             | (6,176)                           |
| 2. To record reversal of incorrect billing             | (6,387)         |                    | 6,387                             |
| 3. To adjust reimbursable expense from GRRP            | (15,359)        |                    | 15,359                            |
|  | <b>(44,189)</b> | <b>28,619</b>      | <b>15,570</b>                     |