

March 23, 2015

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, 2014, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated March 23, 2015.

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 September 15, 2014. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on whether the statement of net position of GEDA as of September 30, 2014 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, 2014.
- 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, 2014 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, 2014 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 2014 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, 2014, 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, listed as Appendix A to Attachment I, have been recorded in the accounting records and are reflected in the 2014 financial statements.

In addition, listed in Appendix B to Attachment I, is a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented 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

GEDA's significant accounting policies are set forth in Note 1 to GEDA's 2014 financial statements. During the year ended September 30, 2014, there were no significant changes in previously adopted accounting policies or their application, except for the adoption of the following pronouncements:

- GASB Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement.

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

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. As of September 30, 2014, the net pension liability that GEDA will record upon implementation of Statement 68 is anticipated to be \$4,623,015. The other postemployment benefits liability is unknown at this time.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of GEDA.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions in Statement 71 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of this statement on the financial statements of GEDA.

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 2014 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.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GEDA's 2014 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 2014.

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 March 23, 2015, 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 March 23, 2015, 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

Aturidad Inadilanton Ikunumihan Guahan

Edward J.B. Calvo
Governor of Guam
I Maga' Lahen Guahan

Raymond S. Tenorio
Lt. Governor of Guam
I Segundo Na Maga' Lahen Guahan

John A. Rios
ig Administrator
Adminastradot

March 23, 2015

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, 2014 and 2013, 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, 2014 and 2013, 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 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 controls to prevent and detect fraud, including fraud related to federal awards.
- c. Establishing and maintaining effective internal control over financial reporting.
- d. The review and approval of the financial statements, 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.

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.



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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. 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.
 - e. Federal awards expenditures have been charged in accordance with applicable cost principles.
2. 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.
3. 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.
4. GEDA has made available to you all relevant information and access as agreed in the terms of the audit engagement letter.
5. GEDA has provided you:
 - a. Financial records and related data.
 - b. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

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c. Minutes of the meetings of the Board of Directors, as follows:

<u>Name</u>	<u>Date</u>	<u>Name</u>	<u>Date</u>
Regular Meeting	October 24, 2013	Regular Meeting	May 15, 2014
Special Meeting	November 6, 2013	Emergency Meeting	June 5, 2014
Regular Meeting	December 10, 2013	Regular Meeting	June 19, 2014
Regular Meeting	December 17, 2013	Regular Meeting	July 17, 2014
Regular Meeting	December 30, 2013	Regular Meeting	August 21, 2014
Regular Meeting	January 16, 2014	Regular Meeting	September 18, 2014
Regular Meeting	January 27, 2014	Regular Meeting	October 17, 2014
Regular Meeting	February 20, 2014	Regular Meeting	November 20, 2014
Regular Meeting	March 20, 2014	Regular Meeting	December 18, 2014
Regular Meeting	April 24, 2014	Regular Meeting	January 22, 2015

Minutes of meetings subsequent to January 22, 2015 have not been approved. We represent that there were not significant matters discussed during those meetings that would affect the September 30, 2014 financial statements.

6. 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.
7. 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.
8. GEDA 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 if 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 received in communications from employees, former employees, analysts, regulators, or others.

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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 of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*. Additionally, there are no open matters with our prior general counsel who has resigned during 2014.

12. Significant assumptions used by us in making accounting estimates are reasonable.

Except where otherwise stated below, matters less than \$11,900 (GEDA), \$1,100 (SSBCI), \$71,600 (GDFA) and \$5,800 (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.

13. Except as listed in Appendix B, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

14. GEDA has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

15. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

- a. Related party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).
- b. Guarantees, whether written or oral, under which GEDA is contingently liable.

16. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
- b. The effect of the change would be material to the financial statements.

17. There are no:

- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- b. Known actual or possible litigation and claims whose effects should be considered and accounted for and disclosed in the financial statements and that have not been disclosed to you.
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

18. 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.

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19. GEDA has complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance, including all requirements associated with the 2007 Series bonds.
20. No department or agency of the Federal Government or Government of Guam has reported a material instance of noncompliance to us.
21. There are no control deficiencies in the design or operation of internal control over financial reporting that could adversely affect GEDA ability to initiate, record, process, and report financial information.
22. We have disclosed to you any change in GEDA's internal control over financial reporting that occurred during the GEDA's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, GEDA's internal control over financial reporting.
23. With regard to the fair value measurements and disclosures of certain assets, we believe that:
 - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.
 - b. The completeness and adequacy of the disclosures related to fair values are in conformity with accounting principles generally accepted in the United States of America.
24. During fiscal year 2014, GEDA implemented the following pronouncements:
 - GASB Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.
 - GASB Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans.
 - GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement.

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

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In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. The implementation of this statement will have a material effect on the financial statements of GEDA and will require a restatement disclosure upon implementation. As of September 30, 2014, the net pension liability that GEDA will record upon implementation of Statement 68 is anticipated to be \$4,623,015. The other postemployment benefits liability is unknown at this time.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of GEDA.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions in Statement 71 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of this statement on the financial statements of GEDA.

25. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
26. 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.
27. 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.
28. We believe that all expenditures that have been deferred to future periods are recoverable.
29. 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.
30. 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

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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.

31. 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.
32. 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.
33. No evidence of fraud or dishonesty in fiscal operations of programs administered by the Authority has been discovered.
34. 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.
35. No events have occurred after September 30, 2014, but before March 23, 2015, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.



John A. Rios
Administrator



Bernice Torres
Administrative Services Manager

APPENDIX A

GEDA

#	Name	Debit	Credit
	1 AJE To adjust allowance for doubtful accounts		
1205	Allow For Uncollect - Leases	-	76,425.98
8007	PROVISION FOR BAD DEBTS	76,425.98	-
		<u>76,425.98</u>	<u>76,425.98</u>
	To adjust allowance for doubtful accounts.		
	1 AJE To record entity proposed adjustment		
5140	Interest - Investments	-	11,764.67
1105	Allowance for Investment	-	104.78
1101	INVESTMENTS-BANK OF GUAM	104.78	-
1101	INVESTMENTS-BANK OF GUAM	11,764.67	-
		<u>11,869.45</u>	<u>11,869.45</u>
	To record entity adjustment to correct investments balance at 09/30/2014.		

SSBCI

#	Name	Debit	Credit
	1 AJE To adjust investment account		
5140	Interest - Investments	-	10,357.97
1101	INVESTMENTS-BANK OF GUAM	10,357.97	-
		<u>10,357.97</u>	<u>10,357.97</u>
	To record entity adjustment to correct investments balance at 09/30/2014.		
	2 AJE To adjust unearned grants revenue		
DT 1001	Revenue	-	59,897.00
2325	Unearned Grants Revenue	59,897.00	-
		<u>59,897.00</u>	<u>59,897.00</u>
	To adjust grants revenue.		

TSA

#	Name	Debit	Credit
	1 AJE To record FY2014 activities		
5100	Cash and Cash Equivalent	-	30,509.14
8100	Tobacco Settlement Revenue - Receipts	-	2,524,077.40
8310	Trustee fees	10,946.21	-
8300	Interest Expense - Semi-Annual Payment	1,544,700.00	-
7240	Other professional services	17,500.00	-
6310A	Series 2007 A Bond Payable	890,000.00	-
7202	Legal Services	66,204.83	-
7205	Audit Services	4,000.00	-
7801	Other expenses	20,117.99	-
6110	Accounts Payable	1,117.51	-
		<u>2,554,586.54</u>	<u>2,554,586.54</u>
	To record FY2014 transactions in 2007 series funds.		

APPENDIX A, CONTINUED

2 AJE To amortize 2001 bond defease cost			
6322	Bond defeasance cost	-	310,842.00
8305	Interest Expense - Bond Defeasance Cost Amortization	310,842.00	-
		<u>310,842.00</u>	<u>310,842.00</u>
	To record amortization of series 2001 bond fedeasance cost.		
3 AJE To amortize 2007 bond discount			
6320	Discount on Bond Issuance	-	119,611.00
8303	Interest Expense - Issuance Discount Amortization	119,611.00	-
		<u>119,611.00</u>	<u>119,611.00</u>
	To amortize 2007 bond issuance discount.		
4 AJE To adjust accrued interest			
6120	Interest Payable	15,000.00	-
8301	Interest Expense - Accrual Adjustment	-	15,000.00
		<u>15,000.00</u>	<u>15,000.00</u>
	To adjust accrued interest payable.		
5 AJE To amortize CAB discount			
6321	Discount on Bond Issuance - Capital Appreciation Bond	-	377,538.00
8306	Interest Expense - Series B CAB Accretion	377,538.00	-
		<u>377,538.00</u>	<u>377,538.00</u>
	To Accret Series B CAB.		
6 AJE To reclassify current portion of A term bond			
6110A	Current Portion of Series 2007 A	-	140,000.00
6310A	Series 2007 A Bond Payable	140,000.00	-
		<u>140,000.00</u>	<u>140,000.00</u>
	To adjust current portion.		

GDFA

#	Name	Debit	Credit
1 AJE To adjust investment account			
5140	Interest - Investments	-	26,742.67
1105	Allowance for Investment	6,805.10	-
1101	INVESTMENTS-BANK OF GUAM	-	6,805.10
1101	INVESTMENTS-BANK OF GUAM	26,742.67	-
		<u>33,547.77</u>	<u>33,547.77</u>
	To record entity adjustment to correct investments balance at 09/30/2014.		

APPENDIX A, CONTINUED

ADF			
#	Name	Debit	Credit
	1 AJE To adjust investment		
5140	Interest - Investments	-	9,183.97
1105	Allowance for Investment	-	1,894.84
1101	INVESTMENTS-BANK OF GUAM	1,894.84	-
1101	INVESTMENTS-BANK OF GUAM	9,183.97	-
		<u>11,078.81</u>	<u>11,078.81</u>
	To record entity adjustment to correct investments balance at 09/30/2014.		

APPENDIX B

	Assets	Liabilities	Change in Net Position
	Dr (Cr)	Dr (Cr)	Dr (Cr)
GEDA:			
1. To record prepayment.	22,500		(22,500)
2. To remove assets for disposal.	(770)		770
3. To close old AP accounts.	(50,960)	50,960	
4. To correct unearned rent.		3,726	(3,726)
GDFA:			
1. To adjust allowance for loan losses.	(46,285)		46,285
	(75,515)	54,686	20,829