

May 29, 2009

Dr. Nerissa Bretania Shafer
Superintendent of Education
Guam Public School System
Government of Guam:

We have performed an audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Guam Public School System (GPSS) as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated May 29, 2009.

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 GPSS 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 30, 2008. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of each opinion unit in GPSS’s basic financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information for the year ended September 30, 2008 in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole;
- To report on GPSS’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, 2008 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*; and
- To report on GPSS 's compliance with requirements applicable to each major federal program and on internal control over compliance in accordance with the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* (OMB Circular A-133).

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

We considered GPSS's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GPSS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GPSS's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily 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 GPSS's 2008 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts, 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, 2008, 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

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 GPSS's financial reporting process. Such proposed adjustments, listed in Appendix I, have been recorded in the accounting records and are reflected in the 2008 financial statements. Those proposed adjustments that were not recorded by management are also included in the schedule described in the next paragraph.

In addition, we have attached to this letter, as Appendix II, 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

GPSS's significant accounting policies are set forth in Note 1 to GPSS's 2008 financial statements. During the year ended September 30, 2008, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GPSS:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

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

OTHER INFORMATION IN THE ANNUAL REPORTS

When audited financial statements are included in documents containing other information such as GPSS's 2008 Annual Report, 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. We will read the other information in GPSS's 2008 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.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GPSS's 2008 financial statements.

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 2008.

MANAGEMENT'S REPRESENTATIONS

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

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CONTROL-RELATED MATTERS

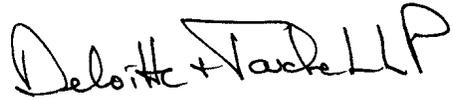
We have issued a separate report to you, also dated May 29, 2009, containing certain matters involving GPSS's internal control over financial reporting that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

* * * * *

This report is intended solely for the information and use of GPSS, the management of Guam Public School System and the Office of the Public Auditor of Guam and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of GPSS for their cooperation and assistance during the course of this engagement.

Very truly yours,

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

#	Name	Debit	Credit
1 AJE Transfer Depreciation to Fund 81 - 5610 (a) (Posted)			
11.00.00.00.2100.0000	INTERFUND CASH	4,663,090.65	-
11.00.00.00.6000.0000	DEPRECIATION-BUILDINGS	-	4,387,317.43
11.00.00.00.6001.0000	DEPRE.VEHICLE,FURN,EQUIPT	-	275,773.22
		<u>4,663,090.65</u>	<u>4,663,090.65</u>
To transfer depreciation expense accounted for in Fund 11 to Fund 81 Fixed Assets.			
1 CJE Reclassify balances In Fund 11 - (Posted)			
11.00.00.00.00.2100.0000	INTERFUND CASH	2,849,040.78	-
11.00.00.00.00.2100.0000	INTERFUND CASH	4,369,208.72	-
11.00.00.00.00.3212.0000	RETIREMENT PAYABLE	2,534,965.00	-
11.00.00.00.00.4000.0000	FUND BALANCE	-	2,849,040.78
11.00.00.00.00.4000.0000	FUND BALANCE	-	8,349,468.72
11.06.00.00.00.3402.0000	ACCRUED ANNUAL LEAVE	1,445,293.00	-
		<u>11,198,507.50</u>	<u>11,198,507.50</u>
To reclassify account balances within Fund 11.			
2 AJE Reclassify debit In Due To as Due From - 6110 (a) (Posted)			
11.00.00.00.00.3100.0000	DUE TO DOA GENERAL FUND	-	13,784,024.48
11.00.00.00.00.2301.0000	DUE FROM DOA GENERAL FUND	13,784,024.48	-
11.00.00.00.00.3227.0000	PROVISION-FY 06 APPROP.	13,365,534.00	-
11.00.00.00.00.2301.0000.1	PROVISION-FY 06 APPROP.	-	13,365,534.00
		<u>27,149,558.48</u>	<u>27,149,558.48</u>
To reclassify the debit balance in the Due To account as a Due From account balance. To reclassify the contra-account as an asset.			
3 AJE Reverse revenue recorded in FY - 5310 (a) (Posted)			
11.00.00.00.00.2100.0000	INTERFUND CASH	227,291.00	-
11.00.00.00.00.2301.0000	DUE FROM DOA GENERAL FUND	-	418,491.00
11.06.00.00.00.1100.0013	RODENT CONTROL REVENUE	53,000.00	-
11.06.00.00.00.1100.0017	INFO. SYSTEM REVENUE	75,000.00	-
11.06.00.00.00.1100.0016	SECURITY SERVICE REVENUE	63,200.00	-
		<u>418,491.00</u>	<u>418,491.00</u>
4 AJE To reclass Payroll checks issued subsequent to FYE - 5114 (a) (Posted)			
11.00.00.00.00.2001.0000	CASH IN BANK PAYROLL	3,920,102.70	-
11.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	3,920,102.70
		<u>3,920,102.70</u>	<u>3,920,102.70</u>
To reclass payroll checks dated 10/03/08.			
5 AJE To adjust LT GPA - 6312 (c) (Posted)			
11.00.00.00.00.2100.0000	INTERFUND CASH	-	1,057,529.90
11.00.00.00.00.3500.0000	LONG-TERM DEBT	159,474.82	-
11.00.00.00.00.3500.0000	LONG-TERM DEBT	1,575,297.80	-
11.99.99.99.99.0361.9999	Expenditures-Power	-	682,009.71
11.99.99.99.99.0291.9999	Expenditures-Interest	-	159,474.82
11.99.99.99.99.0291.9999	Expenditures-Interest	164,241.81	-
		<u>1,899,014.43</u>	<u>1,899,014.43</u>
To adjust for overstated installment payment liability due to payments charged against FY 2008 expenditures.			
6 AJE To adjust Payroll Cash Acct - 5114 (Posted)			
11.00.00.00.00.2001.0000	CASH IN BANK PAYROLL	69,776.88	-
11.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	234,443.98
11.00.00.00.00.3301.0000	REISSUE PAYROLL CK A/P	164,667.12	-
		<u>234,443.98</u>	<u>234,443.98</u>
To adjust for overstated staledated check liability and overstated cash.			
7 AJE To adjust for overstated power expenditures - 6312 (b) (Posted)			
11.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	855,874.08	-
11.99.99.99.99.0361.9999	Expenditures-Power	-	855,874.08
		<u>855,874.08</u>	<u>855,874.08</u>
To adjust for overstated expenditures due to the September 2007 GPA invoice recorded as expenditures in FY 2008.			
8 AJE To adjust for overstated retirement liability - 6201 (Posted)			
11.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	2,482,271.40
11.00.00.00.00.3212.0000	RETIREMENT PAYABLE	-	2,534,965.00
11.00.00.00.00.3212.0000	RETIREMENT PAYABLE	3,623,585.40	-
11.99.99.99.99.0291.9999	Expenditures-Interest	1,403,671.00	-
		<u>5,027,236.40</u>	<u>5,027,236.40</u>
To adjust for overstated retirement liability.			
9 AJE To adjust for overstated liabilities - 6113 (a) (Posted)			
11.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	563,475.03	-
11.99.99.99.99.0230.9999	EXPENDITURE CONTRACTUAL	-	563,475.03
		<u>563,475.03</u>	<u>563,475.03</u>
To adjust for overstated liabilities due to FY 2007 expenditures recorded as expenditures in FY 2008.			

11.00.00.00.00.0111.0000	10 AJE Adjust for understated leave and salary exp - 8314 (d) (Posted)		
	SALARY EXPENSE	1,445,293.00	-
11.06.00.00.00.3402.0000	ACCRUED ANNUAL LEAVE	-	1,445,293.00
		<u>1,445,293.00</u>	<u>1,445,293.00</u>
	To adjust for understated accrued annual leave and salary expenditures due to the entity's general journal entry 827.		
11.00.00.00.00.2001.0000	11 AJE Adjust for understated accrued salaries - 6212 (Posted)		
	CASH IN BANK PAYROLL	-	4,727,731.19
11.00.00.00.00.3030.0000	ACCOUNTS PAYABLE	-	383,871.14
11.00.00.00.00.3401.0000	ACCRUAL	5,111,602.33	-
		<u>5,111,602.33</u>	<u>5,111,602.33</u>
	To adjust for overstated accrued salaries due to unrecorded cleared checks.		
11.00.00.00.00.3000.0000	12 AJE To record current year liabilities - 6112.1 (Posted)		
	ACCOUNTS PAYABLE	-	2,088,373.12
11.99.99.99.99.0361.9999	Expenditures-Power	1,176,986.45	-
11.08.16.00.26.0230.0000	FSAIS	11,386.67	-
11.08.26.00.31.0240.0006	COMMODITIES FOR CNP	900,000.00	-
		<u>2,088,373.12</u>	<u>2,088,373.12</u>
11.00.00.00.00.2100.0000	13 AJE To record revenues confirmed by DOA - 8112 (Posted)		
	INTERFUND CASH	-	3,839,022.48
11.00.00.00.00.2301.0000	DUE FROM DOA GENERAL FUND	6,810,057.23	-
11.08.00.00.00.1100.0006	COMMODITIES FOR CNT	-	2,971,034.75
		<u>6,810,057.23</u>	<u>6,810,057.23</u>
11.00.00.00.00.2302.0000	14 AJE To reconcile AR for bus operations - 5313 (a) (Posted)		
	OTHER RECEIVABLES	68,189.00	-
11.08.00.00.00.1600.0000	INTEREST INCOME	-	68,189.00
		<u>68,189.00</u>	<u>68,189.00</u>
11.00.00.00.00.3100.0000	15 AJE To record CY POL expense - 7113 (Posted)		
	DUE TO DOA GENERAL FUND	-	242,548.16
11.08.XX.XX.XX.0242.XXXX	Expenditure POL	242,548.16	-
		<u>242,548.16</u>	<u>242,548.16</u>
11.00.00.00.00.3000.0000	16 AJE Adjust for overstated accruals - 6213 (a) (Posted)		
	ACCOUNTS PAYABLE	-	1,150,923.00
11.00.00.00.00.3210.0000	FEDERAL TAX PAYABLE	392,191.00	-
11.00.00.00.00.3211.0000	FICA TAX PAYABLE	99,185.00	-
11.00.00.00.00.3213.0000	INSURANCE PAYABLE	177,329.00	-
11.00.00.00.00.3214.0000	OTHER VOLUNTARY PAYBLE	482,218.00	-
		<u>1,150,923.00</u>	<u>1,150,923.00</u>
	To adjust for overstated accrued expenses.		
11.00.00.00.00.3000.0000	17 AJE Adjust for overstated liabilities - 6113.1 (Posted)		
	ACCOUNTS PAYABLE	3,000,000.00	-
11.99.99.99.99.0230.9999	EXPENDITURE CONTRACTUAL	-	3,000,000.00
		<u>3,000,000.00</u>	<u>3,000,000.00</u>
	To adjust for overstated liabilities due to payments of FY 2007 liabilities recorded as FY 2008 expenditures.		
11.00.00.00.00.3101.0000	18 AJE To record supplemental claims - 2377 (Posted)		
	ACCOUNTS PAYABLE OTHER	-	165,000.00
11.00.00.00.00.3101.0000	ACCOUNTS PAYABLE OTHER	-	577,015.00
11.00.00.00.00.0111.0000	SALARY EXPENSE	165,000.00	-
11.00.00.00.00.0111.0000	SALARY EXPENSE	577,015.00	-
		<u>742,015.00</u>	<u>742,015.00</u>

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE To record revenues confirmed by DOA - 8112 (Posted)		
12.00.00.00.00.2100.0000	INTERFUND CASH	2,900,000.00	-
12.08.00.00.00.1100.0050	REVENUES TEXTBOOK	-	2,900,000.00
		<u>4,883,090.65</u>	<u>4,387,317.43</u>

2 AJE Adjust for understated Federal deferral - 5060 (Posted)

12.00.00.00.00.3102.0000	DUE TO FEDERAL AGENCIES	-	4,108.00
12.99.99.99.99.9999.9999	TRANSFERS	4,108.00	-
		<u>2,849,040.78</u>	<u>0.00</u>

Adjust for understated Federal deferral.

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE Adjust for transfer to Fund 21 - 2261 (Posted)		
13.00.00.00.00.4000.0000	FUND BALANCE	-	7,921.00

13.99.99.99.99.9999.9999	Transfers In/Transfers Out	7,921.00	
		<u>4,683,090.65</u>	<u>4,387,317.43</u>
	To adjust for transfers from 2007 Fund 13 to 2008 Fund 21.		
	2 AJE Adjust for overstated power expenditure - 6312 (Posted)		
13.00.00.00.00.2100.0000	INTERFUND CASH	1,057,529.90	-
13.99.99.99.99.0361.9999	Power Expenditures	-	1,392,990.29
13.99.99.99.99.0290.9999	Interest Expenditures	<u>335,460.39</u>	-
		<u>7,218,249.50</u>	<u>0.00</u>
	To adjust for overstated expenditures due to payments on the GPA installment payment liability.		

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE To record revenues confirmed by DOA - 8112 (Posted)		
14.00.00.00.00.2100.0000	INTERFUND CASH	127,313.00	-
14.08.00.00.00.1100.0002	REVENUE INTERSCHOLASTIC	-	127,313.00
		<u>4,683,090.65</u>	<u>4,387,317.43</u>

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE Adjust for Unreconciled Fund Balance - 2261 (Posted)		
15.00.00.00.00.4000.0000	FUND BALANCE	-	190,681.30
15.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	518,614.25	-
15.99.99.99.99.9999.9999	TRANSFERS IN/OUT	-	327,932.95
		<u>4,663,090.65</u>	<u>4,663,090.65</u>
	Adjust for unreconciled Fund Balance due to changes in Funds (i.e., 2007 Fund 15 to 2008 Fund 23).		

	2 AJE To reverse revenue recorded in PY - 5310(a) (Posted)		
15.00.00.00.00.2100.0000	INTERFUND CASH	-	227,291.00
15.07.00.00.00.1100.0003	REVENUE HEALTH/PHYS ACT	227,291.00	-
		<u>7,218,249.50</u>	<u>0.00</u>

	3 AJE To record revenue confirmed by DOA - 8112 (Posted)		
15.00.00.00.00.2100.0000	INTERFUND CASH	81,101.00	-
15.08.00.00.00.1100.0003	REVENUE HEALTH/PHYS ACT	-	81,101.00
		<u>11,198,507.50</u>	<u>11,198,507.50</u>

	4 AJE Adjust for unrecorded liabilities - 6112.3 (Posted)		
15.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	4,392.00
15.00.00.00.00.4000.0000	FUND BALANCE	-	4,392.00
15.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	4,392.00	-
15.08.20.00.20.0230.0003	CONTRACTS HEALTH/PHYSICAL	4,392.00	-
		<u>40,515,092.48</u>	<u>40,515,092.48</u>
	To adjust for unrecorded liabilities.		

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE To record revenues confirmed by DOA - 8112 (Posted)		
16.07.00.00.00.1100.0004	LIBRARY MEDIA FUND	-	718,668.00
16.00.00.00.00.2100.0000	INTERFUND CASH	718,668.00	-
		<u>4,663,090.65</u>	<u>4,387,317.43</u>

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE To recognize current liabilities - 6112.1 (Posted)		
19.08.24.00.26.0230.0026	GOB CONTRACTUAL	29,366.00	-
19.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	29,366.00
		<u>4,663,090.65</u>	<u>4,387,317.43</u>

	2 AJE To adjust to DOA confirmation - 8112 (Posted)		
19.08.00.00.00.1100.0020	GOB PHYSICAL INFRASTRUCTURE	-	658,962.75
19.08.00.00.00.1100.0022	GOB A/C MAINT. & REPAIR	-	120,144.87
19.08.00.00.00.1100.0023	GOB SECURITY & FIRE ALARM	-	40,812.00
19.08.00.00.00.1100.0025	GOB ASBESTOS COMPL. REV.	-	246.80
19.08.00.00.00.1100.0026	GOB GENERAL CIP REVENUE	-	958,924.48
19.08.00.00.00.1100.0024	ADA COMPLIANCE	-	260,345.00
19.00.00.00.00.2301.0000	DUE FROM DOA REVENUE BOND	2,039,435.90	-
		<u>11,198,507.50</u>	<u>11,198,507.50</u>

	3 AJE Adjust for unrecorded liabilities - 6112.3 (Posted)		
19.08.30.28.26.0230.0026	GOB CIP LIGUAN	10,650.50	-
19.08.40.48.26.0230.0028	GOB CIP OKKODO	12,020.50	-
19.08.24.00.26.0250.0019	WATER FOUNTAIN	84,661.00	-
19.00.00.00.00.3000.0000	ACCOUNTS PAYABLE	-	107,532.00

19.00.00.00.00.4050.0000 RESERVE FOR ENCUMBRANCES
 19.00.00.00.00.4000.0000 FUND BALANCE

107,532.00 APPENDIX I, CONTINUED
 - 107,532.00
 54,299,116.96 54,299,116.96

To adjust for unrecorded liabilities.

19.08.00.00.00.1100.0026 4 AJE To record bond pymts to DPW Vendors - 8112 (Posted)
 19.08.00.00.00.0XXX.00XX GOB GENERAL CIP REVENUE
 Expenditures (DPW Vendors)

- 3,434,239.00
 3,434,239.00 -
 128,000.00 0.00

Journal Entries - AJE

Name
 21.00.00.00.00.4000.0000 1 AJE Adjust for unreconciled Fund Balance - 2261 (Posted)
 FUND BALANCE
 21.99.99.99.99.9999.9999 TRANSFERS IN/OUT

Debit Credit
 7,921.00 -
 - 7,921.00
 4,663,090.65 4,387,317.43

Adjust for closing of 2007 Fund 13 Subgrant Fund.

21.99.99.99.99.9999.9999 2 AJE Reverse GJE 977 - 8411 (Posted)
 21.00.00.00.00.3107.0000 TRANSFERS IN/OUT
 DUE TO FEDERAL AGENCIES

952,250.00 -
 - 952,250.00
 2,849,040.78 0.00

To reverse GJE 977, which resulted in an understatement of Federal deferred revenues.

21.00.00.00.00.2300.0000 3 AJE Adjust for misstated receivables/deferrals - 5312 (Posted)
 21.99.99.99.99.1200.9999 ACCOUNTS RECEIVABLES
 Revenues
 21.00.00.00.00.3107.0000 DUE TO FEDERAL AGENCIES

470,733.00 -
 - 648,217.00
 177,484.00 -
 12,643,800.50 11,198,507.50

To adjust for misstated Federal receivables/deferrals

21.99.99.99.99.1200.9999 4 AJE Unrecorded DOI grant - (Posted)
 21.99.99.99.99.0999.9999 Revenues
 Expenditures

- 6,100,000.00
 6,100,000.00 -
 13,365,534.00 13,365,534.00

To record funds passed through the Government of Guam for the school leaseback project.

Journal Entries - AJE

Name
 22.00.00.00.00.3000.0000 1 AJE Adjust for overstated accrued salaries - 6212 (Posted)
 22.00.00.00.00.3401.0000 ACCOUNTS PAYABLE
 ACCRUAL

Debit Credit
 - 712,251.09
 712,251.09 -
 4,663,090.65 4,387,317.43

Adjust for overstated accrued salaries.

22.00.00.00.00.2100.0000 1 CJE Reconcile Beginning Fund Balance - 2261 (Posted)
 22.00.00.00.00.4000.0000 INTERFUND CASH
 FUND BALANCE

- 2,849,040.78
 2,849,040.78 -
 2,849,040.78 0.00

To reconcile the beginning fund balance to the 2007 audited ending balance.

22.00.00.00.00.3000.0000 2 AJE To recognize current liabilities - 6112.1 (Posted)
 22.00.00.00.00.2300.0000 ACCOUNTS PAYABLE
 22.07.00.00.00.1200.8200 ACCOUNTS RECEIVABLES
 22.07.12.00.10.0240.8202 CONSOLIDATED CHAPTER 2

- 94,643.98
 94,643.98 -
 - 94,643.98
 94,643.98 -
 12,643,800.50 11,198,507.50

22.XX.XX.XX.XX.XX.XXXX 3 AJE Reverse GJE 977 - 8411 (Posted)
 22.00.00.00.00.3107.0000 Transfer in/out
 DUE TO FEDERAL AGENCIES

336,547.00 -
 - 336,547.00
 27,149,558.48 40,515,092.48

To reverse GJE 977, which resulted in an understatement of Federal deferred revenues.

22.00.00.00.00.2300.0000 4 AJE Adjust for misstated receivables/deferrals - 5312 (Posted)
 22.XX.XX.XX.XX.1200.1201 ACCOUNTS RECEIVABLES
 Revenues
 22.00.00.00.00.3107.0000 DUE TO FEDERAL AGENCIES

- 5,282,947.00
 5,291,904.00 -
 - 8,957.00
 128,000.00 418,491.00

To adjust for misstated Federal receivables and deferrals.

22.00.00.00.00.3303.0000 5 AJE To record FY05 retirement liab paid - 8211 (Posted)
 22.XX.XX.XX.XX.XXXX.XXXX ACCOUNTS PAYABLE-OTHER
 REVENUE

430,736.00 -
 - 430,736.00
 3,620,102.70 0.00

Journal Entries - AJE

Name
 1 AJE Adjust for Unreconciled Fund Balance - 2261 (Posted)

Debit Credit

23.00.00.00.00.4000.0000
 23.00.00.00.00.4050.0000
 23.99.99.99.99.9999.9999

FUND BALANCE
 RESERVE FOR ENCUMBRANCE
 TRANSFERS

190,681.30	APPENDIX I, CONTINUED
-	518,614.25
327,932.95	-
<u>4,663,090.65</u>	<u>4,663,090.65</u>

Adjust for unreconciled Fund Balance due to changes in Funds (i.e., 2007 Fund 15 to 2008 Fund 23).

23.00.00.00.00.2100.0000
 23.XX.XX.XX.XX.XXXX.XXXX

2 AJE To record revenues confirmed by DQA - 8112 (Posted)
 INTERFUND CASH
 REVENUE

11,940.48	-
-	11,940.48
<u>7,218,249.50</u>	<u>0.00</u>

23.00.00.00.00.3102.0000
 23.99.99.99.99.9999.9999

3 AJE Reverse GJE 977 - 8411 (Posted)
 DUE TO FEDERAL AGENCIES
 TRANSFERS

-	1,249,173.00
1,249,173.00	-
<u>11,198,507.50</u>	<u>11,198,507.50</u>

To reverse GJE 977, which resulted in an understatement of Federal deferred revenues.

23.00.00.00.00.3102.0000
 23.XX.XX.XX.XX.XXXX.XXXX

4 AJE Adjust for misstated receivables/deferrals - 5312 (Posted)
 DUE TO FEDERAL AGENCIES
 REVENUE

-	109,034.00
109,034.00	-
<u>13,365,534.00</u>	<u>13,365,534.00</u>

To adjust for misstated Federal receivables and deferrals.

Journal Entries - AJE

#

Name
 1 AJE Transfer Depreciation from Fund 11 - 5610 (Posted)
 INTERFUND CASH
 DEPRECIATION - SCHOOLS
 DEPRECIATION - VEHICLES, FURNITURE, EQUIPMENT

Debit	Credit
-	4,563,090.65
4,387,317.43	-
275,773.22	-
<u>4,663,090.65</u>	<u>4,663,090.65</u>

To transfer depreciation expense recorded in Fund 11 to Fund 81 Fixed Assets.

81000000021000000
 81000000006000000

1 CJE Reclassify balances in Fund 81 - 5610 (Posted)
 INTERFUND CASH
 FUND BALANCE

-	4,369,208.72
4,369,208.72	-
<u>7,218,249.50</u>	<u>0.00</u>

To reclassify account balances within Fund 81.

810000000025100000
 810000000025200000
 810000000070000000

2 AJE To record current year additions - 5613 (Posted)
 CAPITAL ASSETS - SCHOOLS
 CAPITAL ASSETS - VEHICLES, FURNITURE, EQUIPMENT
 TRANSFERS

275,000.00	-
837,230.00	-
-	1,112,230.00
<u>11,198,507.50</u>	<u>11,198,507.50</u>

810000000025150000
 810000000060000000

3 AJE To adjust depreciation expense - 5613 (Posted)
 ACCUM DEPR - SCHOOLS
 DEPRECIATION - SCHOOLS

370,466.56	-
-	370,466.56
<u>27,149,558.48</u>	<u>40,515,092.48</u>

810000000040000000
 810000000060010000

4 AJE To adjust Fund balance - 5610 (Posted)
 FUND BALANCE
 DEPRECIATION - VEHICLES, FURNITURE, EQUIPMENT

-	4,983.74
4,983.74	-
<u>53,000.00</u>	<u>418,491.00</u>

810000000060000000
 810000000060010000

5 AJE To reclass depreciation expense - 5613 (Posted)
 DEPRECIATION - SCHOOLS
 DEPRECIATION - VEHICLES, FURNITURE, EQUIPMENT

23,253.00	-
-	23,253.00
<u>0.00</u>	<u>0.00</u>

810000000025150000
 810000000025100000
 810000000060000000
 810000000070000000

6 AJE To record capital leased asset - 6316 (Posted)
 ACCUM DEPR - SCHOOLS
 CAPITAL ASSETS - SCHOOLS
 DEPRECIATION - SCHOOLS
 TRANSFERS

-	1,377,366.06
68,868,302.77	-
1,377,366.06	-
-	68,868,302.77
<u>159,474.82</u>	<u>1,057,529.90</u>

Journal Entries - AJE

#

Name
 1 AJE Record 2007 audited ending balances - (Posted)
 RETIREMENT PAYABLE
 FUND BALANCE
 ACCRUED ANNUAL LEAVE
 ACCRUED ANNUAL LEAVE - Current

Debit	Credit
-	64,196,028.00
72,561,514.00	-
-	5,884,384.00
-	2,481,102.00
<u>9,326,181.30</u>	<u>9,326,181.30</u>

To record the FY 2007 audited ending balances.

	2 AJE To adjust annual leave - (Posted)		
GLTDAG34020000	ACCRUED ANNUAL LEAVE	-	1,704,833.00
GLTDAG60000111	SALARY EXPENSE	1,704,833.00	-
GLTDAG60000111	SALARY EXPENSE	-	704,763.00
GLTDAG34020000.1	ACCRUED ANNUAL LEAVE - Current	704,763.00	-
		<u>6,904,173.72</u>	<u>11,198,507.50</u>
	3 AJE To adjust unfunded retirement - 6314 (Posted)		
GLTDAG32120000	RETIREMENT PAYABLE	-	24,000,521.00
GLTDAG60000113	RETIREMENT CONTRIBUTION	24,000,521.00	-
		<u>0.00</u>	<u>13,784,024.48</u>
	4 AJE To record capital lease - 6316 (Posted)		
GLTDAG40000000	FUND BALANCE	-	18,300,000.00
GLTDAG70000000	TRANSFER (IN) OUT	58,868,302.77	-
GLTDAG70000000	TRANSFER (IN) OUT	-	6,100,000.00
GLTDAG 08-02	Obligations under capital lease-long term	3,578,500.00	-
GLTDAG 08-02	Obligations under capital lease-long term	-	55,180,750.00
GLTDAG 08-03	Prepayment of capital lease obligation	2,686,104.90	-
GLTDAG 08-04	Deferred maintenance costs	5,208,333.33	-
GLTDAG 08-05	Other deferred assets	1,982,634.00	-
GLTDAG 08-06	Interest and deferred maintenance payable	-	2,773,125.00
		<u>836,982.00</u>	<u>836,982.00</u>

The above adjustment is not due to fraud or illegal acts. In connection with the Passed Audit Adjustment listed above, we have reviewed and approved them on the basis of information we have provided to you.



6/23/09

Frances Danielli
Comptroller

Date

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE Reclassify current portion of GPA liability - 6312 (Posted)		
11.00.00.00.00.3500.0000	LONG-TERM DEBT	82,023.37	-
11.00.00.00.00.3501.0000	CURR PORT LONG-TERM DEBT	-	82,023.37
		<u>82,023.37</u>	<u>82,023.37</u>
	To reclassify the current portion of the installment payment agreement liability.		
	2 RJE Reclassify negative cash as bank overdrafts - 5117 (Posted)		
11.00.00.00.00.2000.0000	CASH IN BANK-DISBURSMENTS	950,885.37	-
11. D&T 1	OVERDRAFT	-	950,885.37
		<u>950,885.37</u>	<u>950,885.37</u>
	To reclassify negative cash balances as bank overdrafts.		
	3 RJE Reclassify appropriation credited to overtime - {b} (Posted)		
11.00.00.00.00.1100.0000	LOCAL APPROPRIATION	-	134,737.00
11.99.99.99.99.0112.9999	Expenditures-Overtime	134,737.00	-
		<u>134,737.00</u>	<u>134,737.00</u>
	To reclassify local appropriation recorded as credits to overtime resulting from EO 2008-13.		
	4 RJE To record encumbrances - 7112 (Posted)		
11.00.00.00.00.4000.0000	FUND BALANCE	-	3,622,594.00
11.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	3,622,594.00	-
		<u>3,622,594.00</u>	<u>3,622,594.00</u>
	5 RJE To adjust encumbrances - 7113 (Posted)		
11.00.00.00.00.4000.0000	FUND BALANCE	-	125,000.00
11.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	125,000.00	-
		<u>125,000.00</u>	<u>125,000.00</u>
	PO200700998		

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE Reclassify reserve for encumbrance - 7112 (Posted)		
12.00.00.00.00.4000.0000	FUND BALANCE	-	1,106,545.00
12.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	1,106,545.00	-
		<u>82,023.37</u>	<u>82,023.37</u>
	To reclassify the reserve for encumbrance.		

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
13.00.00.00.00.4000.0000	FUND BALANCE	37,613.00	-
13.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	37,613.00
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
14.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	19,045.00
14.00.00.00.00.4000.0000	FUND BALANCE	19,045.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
15.00.00.00.00.4000.0000	FUND BALANCE	268,376.00	-
15.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	-	268,376.00
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
16.00.00.00.00.4000.0000	FUND BALANCE	381,585.00	-
16.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	381,585.00
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

APPENDIX I, CONTINUED

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
17.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	7,168.00
17.00.00.00.00.4000.0000	FUND BALANCE	7,168.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
19.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	6,504,708.00
19.00.00.00.00.4000.0000	FUND BALANCE	6,504,708.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

	2 RJE To record DPW Vendors encumbrances - 7112 (Posted)		
19.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	52,000.00
19.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	956,470.00
19.00.00.00.00.4000.0000	FUND BALANCE	52,000.00	-
19.00.00.00.00.4000.0000	FUND BALANCE	956,470.00	-
		<u>1,901,770.74</u>	<u>1,901,770.74</u>

	3 RJE To record continuing appropriations - 7112 (Posted)		
19.00.00.00.00.XXXX.0000	Continuing Appropriations	-	8,467,644.00
19.00.00.00.00.4000.0000	FUND BALANCE	8,467,644.00	-
		<u>134,737.00</u>	<u>134,737.00</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
21.00.00.00.00.4000.0000	FUND BALANCE	-	351,427.00
21.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	351,427.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
22.00.00.00.00.4000.0000	FUND BALANCE	-	1,772,277.00
22.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	1,772,277.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
23.00.00.00.00.4000.0000	FUND BALANCE	-	442,559.00
23.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	442,559.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

	2 RJE To correct overstated encumbrance - 7112 (Posted)		
23.00.00.00.00.4000.0000	FUND BALANCE	-	23,992.00
23.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	23,992.00	-
		<u>950,885.37</u>	<u>950,885.37</u>

Overstatement due to PO200201404

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
25.00.00.00.00.4000.0000	FUND BALANCE	-	4,902.00
25.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCE	4,902.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record encumbrances - 7112 (Posted)		
31.00.00.00.00.4050.0000	RESERVE FOR ENCUMBRANCES	-	2,044.00
31.00.00.00.00.4000.0000	FUND BALANCE	2,044.00	-

82,023.37 82,023.37

APPENDIX I, CONTINUED

Journal Entries - RJE

#	Name	Debit	Credit
	1 RJE To record current portion of capital lease - 8316 (Posted)		
GLTDAG 08-01	Obligations under capital lease-current	-	1,857,250.00
GLTDAG 08-02	Obligations under capital lease-long term	1,857,250.00	-
		<u>82,023.37</u>	<u>82,023.37</u>

The above adjustment is not due to fraud or illegal acts. In connection with the Passed Audit Adjustment listed above, we have reviewed and approved them on the basis of information we have provided to you.



6/23/09

Frances Danielli
Comptroller

Date

Guam Public School System FY2008
 Summary of Prior/Current Year Uncorrected Misstatements
 General Fund
 September 30, 2008

APPENDIX A

STATEMENT OF CONDITION

	ASSETS Dr (Cr)	LIABILITIES Dr (Cr)	FUND BALANCE NET	
			ASSETS Beg of Year Dr (Cr)	INCOME STATEMENT Dr (Cr)
<u>PRIOR YEAR KNOWN MISSTATEMENTS</u>				
1. To recognize PY POL expense		(292,024)		292,024
Total prior year known misstatements	0	(292,024)	0	292,024
<u>CURRENT YEAR KNOWN MISSTATEMENTS</u>				
3. To reclass DOA pymt from AR to Due fr DOA	83,717			
3. To reclass DOA pymt from AR to Due fr DOA	(83,717)			
4. To record unreleased checks back to AP	148,382	(148,382)		
5. To record AR collected in FY 2008	(59,990)			59,990
Total current year known misstatements	88,392	(148,382)	0	59,990

The above adjustments are not due to fraud or illegal acts. In connection with the Passed Audit Adjustment listed above, we have reviewed and approved them on the basis of information we have provided to you.



 Frances Danielli
 Comptroller

6/23/09

 Date

Guam Public School System FY2008
 Summary of Current Year Uncorrected Misstatements
 Grant Assistance Fund
 September 30, 2008

APPENDIX A

STATEMENT OF CONDITION

ASSETS Dr (Cr)	LIABILITIES Dr (Cr)	FUND BALANCE NET	
		ASSETS Beg of Year Dr (Cr)	INCOME STATEMENT Dr (Cr)
LIKELY MISSTATEMENTS			
PAJE <1> - Overstated Accruals	172,223		
PAJE <1> - Overstated Accruals	(172,223)		
Total likely misstatements	0	0	0
KNOWN MISSTATEMENTS			
PAJE <2>- Overstated Due to DOA	81,108		(81,108)
Total known misstatements	0	81,108	(81,108)

The above adjustments are not due to fraud or illegal acts. In connection with the Passed Audit Adjustment listed above, we have reviewed and approved them on the basis of information we have provided to you.



 Frances Daniell
 Comptroller

6/23/09
 Date



**GUAM PUBLIC SCHOOL SYSTEM
OFFICE OF THE SUPERINTENDENT**

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Nerissa Bretania-Shafer, Ph.D.
Superintendent of Education

May 29, 2009

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, Guam 96913-3911

Dear Sir/Madam:

We are providing this letter in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Guam Public School System (GPSS), a line agency of the Government of Guam's general fund, as of and for the year ended September 30, 2008, which collectively comprise GPSS's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the respective financial position and changes in financial position of GPSS in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements of financial position of the governmental activities, each major fund, and the aggregate remaining fund information, in conformity with accounting principles generally accepted in the United States of America
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and supplementary information accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- c. The design and implementation of programs and controls to prevent and detect fraud, including fraud related to federal awards
- d. Establishing and maintaining effective internal control over financial reporting.
- e. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for general-purpose governments obtained from the Government Finance Officers Association.

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

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

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:
 - a. The financial statements properly disclose all related organizations.

- b. The financial statements properly classify all funds and activities, including special and extraordinary items.
 - c. All funds that meet the quantitative criteria in Statement No. 34 and Statement No. 37 of the Governmental Accounting Standards Board (GASB), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for presentation as major are identified and presented as such.
 - d. Net asset components (invested in capital assets, net of related debt restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
 - e. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - f. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - g. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
 - h. Deposits and investment securities are properly classified in category of custodial credit risk.
 - i. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - j. Required supplementary information is measured and presented within prescribed guidelines.
 - k. Applicable laws and regulations are followed in adopting, approving and amending budgets.
 - l. Costs to federal awards have been charged in accordance with applicable cost principles.
2. GPSS has made available to you all:
- a. Summaries of actions of the Guam Education Policy Board.
 - b. Financial records and related data for all financial transactions of GPSS and for all funds administered by GPSS. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GPSS 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, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
 - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
3. There has been no:
- a. Action taken by Entity management that contravenes the provisions of federal laws and Guam laws and regulations or of contracts and grants applicable to GPSS, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
 - 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.
4. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix A.

5. GPSS 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 GPSS and do not believe that the financial statements are materially misstated as a result of fraud.
6. We have no knowledge of any fraud or suspected fraud affecting GPSS 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.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting GPSS received in communications from employees, former employees, regulators, or others.
8. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No.5, Accounting for Contingencies, except as disclosed in Note 3 to the financial statements.
9. The Schedule of Expenditures of Federal Awards was prepared in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have identified in that schedule all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. In addition, we have accurately completed the appropriate sections of the data collection form.
10. We are responsible for compliance with Guam and federal laws, rules and regulations, including compliance with the requirements of OMS Circular A-133, and provisions of grants and contracts relating to GPSS's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. GPSS is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
11. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
12. We have:
 - a. Identified the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program as identified in Part 3 of the Compliance Supplement dated May 2009
 - b. Complied, in all material respects, with the requirements identified above in connection with federal awards, , except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
 - c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations
 - d. Made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the

Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

- e. Monitored sub recipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A- 133
 - f. Take all appropriate corrective action on a timely basis after receipt of a subrecipient 's auditor's report that identifies noncompliance with laws, regulations, or the provisions of contracts or grant agreements
 - g. Considered the results of the sub recipient's audits and made any necessary adjustments to the auditee's own books and records.
 - h. Identified and disclosed all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews related to the objectives of the audit
 - i. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities
 - j. Provided to you our views on the reported findings, conclusions, and recommendations for your report.
13. We are responsible for follow-up on all prior-year's findings. We have prepared a summary schedule of prior-year findings reporting the status of our efforts in implementation of the prior-year's corrective action plan.
14. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse that you report.
15. 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.
16. No organizations were identified that meet the criteria established in GASB Statement No. 39.

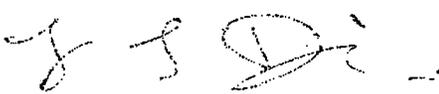
Except where otherwise stated below, matters less than \$500,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustments or disclosure in the financial statements.

17. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
18. GPSS has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
19. 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 GPSS is contingently liable.

20. 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:
 1. 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
 2. The effect of the change would be material to the financial statements.
21. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
22. 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, except as disclosed in Note 3 to the financial statements and as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No.5, Accounting for Contingencies, except as disclosed in Note 3 to the financial statements.
23. GPSS 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.
24. GPSS has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
25. No division of GPSS has reported a material instance of noncompliance to us, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
26. No events have occurred subsequent to September 30, 2008 that requires consideration as adjustments to or disclosures in the financial statements.
27. Management discloses that, subsequent to September 30, 2008, no changes in internal control or other factors that might significantly affect internal control including any corrective action taken by management with regard to significant deficiencies and material weaknesses have occurred.
28. We agree with the findings of the specialist in evaluating the Government of Guam's unfunded retirement liability and have adequately considered the qualifications of the specialist in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions nor cause any instructions to be given to the specialist with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have affected the independence or objectivity of the specialist.
29. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

- 30. 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.
- 31. Receivables recorded in the financial statements represent valid claims against debtors for appropriations or grunts arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
- 32. We believe that all expenditures that have been deferred to future periods are recoverable.
- 33. We believe that the actuarial assumptions and methods used to measure pension costs for financial accounting purposes are appropriate in the circumstances.
- 34. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.
- 35. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.
- 36. On May 25, 2005, the Government of Guam, acting through GPSS, entered into a financing lease agreement with a third party for the design, construction and maintenance of four new schools on Guam, with lease payments funded by a pledge of U.S. Compact Impact Fund revenues. This lease qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of inception date, being the date of the completion of the new schools. As of September 30, 2008, three of the four schools have been completed with a net book value of \$67,490,937.
- 37. Due from Primary Government consists of receivables from the Government of Guam General Fund. At September 30, 2008, the GPSS has been informed that it has fiscal year 2006 and 2008 appropriations due from the Government of Guam of \$8,849,493. GPSS has not received any of the remaining 2006 appropriations (totaling \$ 13,365.534) subsequent to September 30, 2008 to date. Therefore, revenue recognition for the remaining receivables has been reserved and will only occur upon receipt of the cash.

JK _____  6/23/09
 Nerissa Bretania-Shafer, Ph.D. Date
 Superintendent

_____  6/23/09
 Frances T. Danieli Date
 Comptroller