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May 26, 2015

To The Board of Commissioners
Guam Housing and Urban Renewal Authority:

I have performed an audit of the financial statements of the Guam Housing and Urban Renewal Authority (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and have issued my report thereon dated May 26, 2015.

REQUIRED COMMUNICATIONS

Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*, and other professional standards require the auditor to provide the Board of Commissioners (the Board or those charged with governance) with additional information regarding the scope and results of the audit that may assist the Board (or those charged with governance) in overseeing the financial reporting and disclosure processes which the management of the Authority is responsible.

I have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure processes for which management of the Authority is responsible

Auditor's Responsibilities under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

The financial statements are the responsibility of the Authority's management. My responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, have been described in my engagement letter dated November 12, 2014. As described 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 the Authority's financial statements and the supplementary information for the year ended September 30, 2013 in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles), in all material respects;

**The Board of Commissioners
Guam Housing and Urban Renewal Authority**

- 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 the Authority's internal control over financial reporting on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2013 based on an audit of the financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*; and
- To report the Authority'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).

My responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements have been prepared by management with oversight by the Board of Commissioners 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 Board of Commissioners of their responsibilities.

I considered the Authority'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 the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting. My 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.

I also considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. My audit does not, however, provide a legal determination of the Authority's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2014.

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Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Guam Housing and Urban Renewal Authority are described in Note 1 to the financial statements. During the year ended September 30, 2014, there no significant changes in previously adopted accounting policies or their application, except for the following:

During the year ended September 30, 2014, the Authority implemented the following GASB Statements:

- GASB issued 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. The implementation of this Statement did not have a material effect on the financial statements of the Authority.
- GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans. The implementation of this Statement did not have a material effect on the financial statements of the Authority.
- GASB issued 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 the above Statements did not have a material effect on the financial statements of the Authority.

I noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates reflected in the Authority'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 receivable, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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The disclosure for Contingencies in Note 15 as follows:

The Authority participates in a number of federal award programs for specific purposes that are subject to review and audit by grantor agencies, namely the U.S. Department of Housing and Urban Development. Cumulative questioned costs of \$97,751 exist from these audits as of September 30, 2014. The questioned costs will be resolved by the applicable grantor agency and due to the Authority's inability to predict the ultimate outcome of this matter, no provision for any liability, if any that may result from this matter has been made in the accompanying financial statements. Such questioned costs could lead to requests for reimbursements from the grantor agency for expenditures disallowed under the terms of the applicable grant.

In addition, an on-site review was conducted by HUD's Departmental Enforcement Center (DEC) during June 2014. DEC recommended to HUD that the Authority repay \$577,626 and \$1,405,940 for matters involving a conflict of interest and unused funds for the construction of new building for the Authority, respectively. These matters and the related amounts are under review with HUD's Honolulu Field Office and shared with the Authority for further discussions. No decisions have been made at this time. Due to the Authority's inability to predict the ultimate outcome of these matters, no provision for any liability, if any that may result from these matters has been made in the accompanying financial statements. Such matters could lead to a request for reimbursement.

The disclosure for Subsequent Events in Note 20 as follows:

Subsequent to September 30, 2014, the Authority received a letter from the U.S. Department of Housing and Urban Development (HUD) dated May 26, 2015 informing the Authority of HUD's Departmental Enforcement Center's (DEC) on-site review whose report was dated February 20, 2015. Based on the results of the on-site review, several instances of conflict of interest were cited including one pertaining to the Authority's prior legal counsel who was a landlord with the Section Housing 8 Housing Choice Voucher Program (HCV) while serving as legal counsel for the Authority. DEC recommended that the Authority repay \$577,626 from its non-federal funds for the amounts paid to the attorney as a landlord and for legal services paid while serving as legal counsel to the Authority. The report is under review with HUD's Honolulu Field Office and shared with the Authority for further discussions. No decisions have been made at this time.

During 2004, the Authority transferred \$1,700,940 from its HCV Program's unrestricted net assets to its Low Rent Public Housing Program to construct a new building for its central operations. The Authority spent approximating \$295,000; however, the new building was not constructed. DEC is recommending that the Authority use non-federal funds repay \$1,405,940 to the HCV Program for the unused funds. The report is under review with HUD's Honolulu Field Office and shared with the Authority for further discussions. No decisions have been made at this time.

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There were no significant changes in accounting estimates or in management's judgments relating to such estimates for the year ending September 30, 2014.

Significant Difficulties Encountered During the Audit

I encountered no significant difficulties in dealing with management in performing my audit. All Authority personnel cooperated with me fully during the conduct of my audit.

Uncorrected and Corrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. (See Appendix B)

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Fraud and Illegal Acts

I am not aware of any matters that require communication. Additionally, management of the Authority has represented to me that they are not aware of any fraud or illegal acts for the period cover from October 1, 2014 to May 26, 2015 except for the matters pertaining to HUD's Departmental Enforcement Center (DEC) relating to potential conflicts of interest which is under discussion with the HUD Honolulu Regional Office. Management has represented that no decision has been made as of May 26, 2015 on the ultimate outcome of findings cited in DEC's report.

Management Representations

I have made certain inquiries of the Authority's management about the representations embodied in the financial statements. Additionally, I have requested certain written representations from management as required under generally accepted auditing standards. We attached to this letter, as Appendix A, a copy of the management representation letter dated May 26, 2015.

**The Board of Commissioners
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Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Other Matters

I have reviewed the Management Discussion and Analysis and other supplementary schedules to the financial statements to ensure consistency with the audited financial statements. With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Independence

I am not aware of any relationships between J. Scott Magliari & Company and the Authority, or any other matters that in my professional judgment, may reasonably be thought to bear on my independence. I confirm that we are independent with respect to the Authority within the meaning of the applicable published rules and pronouncements, its interpretations and rulings.

Control Related Matters

I have issued a separate report to you, dated May 26, 2015, on the Authority'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*. I have also issued a separate report to you, also dated May 26, 2015, involving the Authority's compliance with requirements applicable to each major federal program and on internal control over compliance in accordance with OMB Circular A-133.

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I have communicated to management, in a separate letter also dated May 26, 2015, certain deficiencies and other matters related to the Authority's internal control over financial reporting and to the Authority's internal control over its financial management system that I identified during my audit.

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

This information is intended solely for the information and use of the Board of Commissioners, management of the Guam Housing and Urban Renewal Authority and the Office Public Accountability – Guam and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "J. Scott Magliari & Company". The signature is written in a cursive style with a large, stylized initial "J".

GHURA

Guam Housing and Urban Renewal Authority
 Aturidat Ginima' Yan Rinueban Siudat Guahan
 117 Bien Venida Avenue, Sinajana, GU 96910
 Phone: (671) 477-9851 · Fax: (671) 300-7565 · TTY: (671) 472-3701



May 26, 2015

Eddie Baza Calvo
 Governor of Guam

Ray Tenorio
 Lt. Governor of Guam

David J. Sablan
 Chairman

Luis L.G. Paulino
 Vice Chairman

John R. Iiao
 Commissioner

Rosie Ann Blas
 Commissioner

Deanne S.N. Torre
 Commissioner

Roland M. Selvidge
 Resident Commissioner

Michael J. Duenas
 Executive Director

J. Scott Magliari & Company
 P.O. Box 12734
 Tamuning, Guam 96931

This representation letter is provided in connection with your audit of the financial statements of Guam Housing and Urban Renewal Authority, which comprise the statement(s) of financial position as of September 30, 2014 and 2013, and the related statements of activities and cash flows 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 are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of May 26, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 12, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.



- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance and the matters pertaining to HUD's Departmental Enforcement Center findings cited in its report, subsequent to the date of the financial statements that would require adjustment to, or disclosure in, the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the entity is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) As part of your audit, you assisted with the preparation of the financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, supplementary information, and schedule of expenditures of federal awards.
- 13) We acknowledge our responsibility for presenting the supplementary information accompanying the financial statements required by the U.S. Department of Housing and Urban Development (HUD) and the information submitted to HUD through the FASSUB submission templates (collectively, the supplementary information required by HUD) in accordance with HUD's *Uniform Financial Reporting Standards for HUD Housing Programs*, and we believe the supplementary information required by HUD, including its form and content, is fairly presented in accordance with HUD's *Uniform Financial Reporting Standards for HUD Housing Programs*. The methods of measurement and presentation of the supplementary information required by HUD have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



Information Provided

- 14) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the entity and involves—
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) Except for the findings cited in the Schedule of Findings and Questioned Costs and those potential noncompliance findings cited in HUD's Departmental Enforcement Center report, we have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse whose effects should be considered when preparing financial statements.
- 20) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 21) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- 22) The entity 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.



- 23) We are responsible for compliance with the provisions of laws, regulations, contracts, and grant agreements applicable to us.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 27) GHURA is an exempt organization under Section 115 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the entity's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 28) With respect to federal award programs:
 - a) We are responsible for understanding and complying with, and except for the noncompliance finding cited in the 2014 Schedule of Findings and Questioned Costs the those potential findings cited in HUD's Departmental Enforcement Center report, we have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property),



cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- e) We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) 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 our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) Except for the Supportive Housing for the Elderly Program, we have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, *Cost Sharing and Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.




- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) Except for the matters cited in the HUD's Departmental Enforcement Center, there are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the date as of which compliance was audited.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.
- u) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- z) We are responsible for preparing and implementing a corrective action plan for each audit finding.



- aa) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- 29) We have taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse that you have reported to us. We are in discussions with the HUD Honolulu Regional Field Office to resolve the potential noncompliance findings cited by HUD's Departmental Enforcement Center.
- 30) We have a process to track the status of audit findings and recommendations.
- 31) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 32) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

Signature: 
Title: Executive Director

Signature: 
Title: Controller

Uncorrected Adjusting Journal Entries
September 30, 2014

Fund/Acct #	Account Name	Assets Dr. (Cr.)	Liabilities Dr. (Cr.)	Net Assets Beg. of Year Dr. (Cr.)	Income Statement Dr. (Cr.)
PAJE - 1					
074.4420.00.0.845.05.5	AMP - 4 Ordinary maintenance and operations - materials and other				\$ 4,157.00
074.1260.00.0.000.00.0	AMP 4 - Inventory To adjust inventory to actual for overstatement in costing.	\$ (4,157.00)			
		\$ (4,157.00)	\$ -	\$ -	\$ 4,157.00