

June 24, 2011

Honorable Edward Baza Calvo
Governor
Government of Guam

Dear Governor Calvo:

We have performed an audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated June 24, 2011, which report was modified to include a reference to other auditors.

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

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

Our responsibility under generally accepted auditing standards 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 August 26, 2010. 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 GovGuam’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, 2010 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 GovGuam’s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2010 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 GovGuam'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 with the oversight of management and the Office of the Governor are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Office of the Governor of their responsibilities.

We considered GovGuam'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 GovGuam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GovGuam's 2010 financial statements include: 1) management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts; 2) management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets; and 3) management's estimate of the provision for tax refunds, which is determined based on periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. During the year ended September 30, 2010, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

MATERIAL CORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. We have attached to this letter, as Appendix I, a summary of misstatements corrected by management.

UNCORRECTED MISSTATEMENTS

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

GovGuam's significant accounting policies are set forth in Note 1 to GovGuam's 2010 financial statements. During the year ended September 30, 2010, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GovGuam:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements.
- GASB Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code, and establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

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

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the Entity.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Entity.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the Entity.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GovGuam's 2010 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 2010.

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

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

OTHER SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

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

CONTROL-RELATED MATTERS

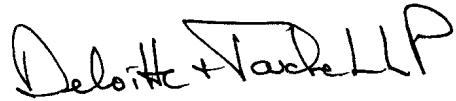
We have issued a separate report to you, also dated June 24, 2011, containing certain matters involving GovGuam's internal control over financial reporting that we consider to be material weaknesses or significant deficiencies under standards established by the American Institute of Certified Public Accountants, and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. We have also issued a separate report to you, also dated June 24, 2011, containing certain matters involving GovGuam's compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133. Although we have included management's written responses to our comments contained in those reports, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

We have communicated to management, in a separate letter also dated June 24, 2011, other matters that we identified during our audit.

* * * * *

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

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, slightly stylized font. The word "Deloitte" is on the left, followed by a plus sign, and "Touche LLP" is on the right. The "T" in "Touche" is particularly large and loops back.

Government of Guam
 Summary of Proposed Audit Adjustments
 Year ended September 30, 2010

GENERAL FUND

	1 AJE To recognize collections on bad debts		
110012129	ESTD UNCOLL OTHER RECEIVABLES	571,089.23	-
310057390	ADJUST PRIOR YRS EXPN/REV	-	571,089.23
		<u>571,089.23</u>	<u>571,089.23</u>
	To recognize change in allowance for doubtful debts as miscellaneous revenues		
	2 AJE To adjust provision for tax refunds		
110012403	ACCTS RECBL-FEDERAL AGENCIES	-	11,674,000.00
110012403	ACCTS RECBL-FEDERAL AGENCIES	15,450,000.00	-
110032110	RESERVE FOR INCOME TAX CLAIMS	12,698,979.00	-
110032112	RES FOR INTEREST TAX REFUNDS	-	2,630,520.00
310051199	PROVISION FOR TAX REFUND	-	13,844,459.00
		<u>28,148,979.00</u>	<u>28,148,979.00</u>
	3 AJE To reverse PC # 25		
110021590	ACCRUED OTHER EXPENDITURES	-	2,607,537.75
100-290TOA	MISCELLANEOUS	2,607,537.75	-
		<u>2,607,537.75</u>	<u>2,607,537.75</u>
	To reverse PC # 25 as accruals are considered still valid payables of the General Fund to GGRF and GDOE.		
	4 AJE To record investments at fair value		
310054101	INTEREST ON BANK DEPOSITS	-	89,258.61
110010707	GOVGUAM GEN OBLIG 09 CAP INTER	89,258.61	-
		<u>89,258.61</u>	<u>89,258.61</u>
	To record increase in the fair value of the GOB DSF account.		
	5 AJE To correct GASB 33 accrual		
310050750	INCOME TAX GASB 33	-	4,519,821.03
110011120	INCOME TAX RECEIVABLE GASB 33	4,519,821.03	-
		<u>4,519,821.03</u>	<u>4,519,821.03</u>
	To correct GASB 33 accrual for October tax collections pertaining to FY 2011.		
	6 AJE To reverse DRT generated entries		
110011101	INCOME TAX RECEIVABLES - FY01	-	147,253.65
110011103	INCOME TAX RECEIVABLES - FY03	-	354,264.93
110011202	GRT RECEIVABLES FY02 ASSESSMNT	-	19,841.38
110032110	RESERVE FOR INCOME TAX CLAIMS	-	8,100,000.00
110024313	DEFERRED REVENUE - GRT	14,587.18	-
310051103	INCOME TAX WITHOLDING	24,637,597.85	-
310051200	GRT COLLECTIONS (BMD)- N.E.C.	5,661.35	-
110011293	GRT RECEIVABLES FY '93	-	50.05
110024312	DEFERRED REV-INCOME TAX	24,597,483.70	-
110011110	INCOME TAX RECEIVABLES - FY10	-	40,627,128.90
110011190	INCOME TAX RECEIVABLE FY90 ASS	-	1,134.90
110011193	INCOME TAX RECEIVABLES FY'93	-	2,388.46
110011194	INCOME TAX RECEIVABLES FY'94	-	1,525.42
110011195	INCOME TAX RECEIVABLES FY'95	-	1,385.29
110011290	G R T RECEIVABLE FY90 ASSESSME	-	35.10
110011291	G R T RECEIVABLES FY'91	-	1.58
110011294	GRT RECEIVABLES FY'94	-	268.70
110011296	GROSS RECEIPTS TAX A/R -FY 96	-	51.72
		<u>49,255,330.08</u>	<u>49,255,330.08</u>
	To reverse DRT-generated income tax adjustments and incorrect recording by PC #21.		

Government of Guam
 Summary of Proposed Audit Adjustments
 Fiscal year ended September 30, 2010

LANDFILL FUND, Continued

		14 AJE To correct double accrual of expenditures	
254-230CIP	CONTRACT	-	2,583,887.54
125421590	ACCRUED EXPENDITURES	2,583,887.54	-
		<u>2,583,887.54</u>	<u>2,583,887.54</u>
To reverse double recording of accrued expenditures as these amounts were previously included as part of PC # 24.			
		15 AJE To record retention payable	
254-230CIP	CONTRACT	2,567,889.66	-
125421590	ACCRUED EXPENDITURES	-	2,567,889.66
		<u>2,567,889.66</u>	<u>2,567,889.66</u>
To record retention payable for various contracts associated with the construction of the Layon landfill.			
		16 AJE To record additional liabilities	
254-230CIP	CONTRACT	111,641.62	-
125421590	ACCRUED EXPENDITURES	-	111,641.62
		<u>111,641.62</u>	<u>111,641.62</u>
To record additional liabilities associated with the construction of the Layon Landfill based on subsequent disbursements testing.			
		17 AJE To adjust expenditures for GBB receivership payments	
254-230CIP	CONTRACT	-	1,248,453.82
1254DT2	PREPAYMENT	1,248,453.82	-
		<u>1,248,453.82</u>	<u>1,248,453.82</u>

OTHER GOVERNMENTAL FUNDS


		18 AJE To record investments at fair value	
327054101	INTEREST/DIVIDEND INCOME-HAHS	-	12,143.94
327654101	INTEREST/DIVIDEND INCOME	-	11,812.33
331154101	INTEREST/DIVIDEND INCOME	-	54,939.38
127610212	CASH-YOUTH TOBACCO 76-3000-04	11,812.33	-
127010213	CASH - HAHS SERIES B	12,143.94	-
131110212	HEALTH SECURITY TRUST SERIES B	1,000.00	-
131110212	HEALTH SECURITY TRUST SERIES B	53,939.38	-
		<u>78,895.65</u>	<u>78,895.65</u>
To record increase in the fair value of the HAHS Series B, Youth Tobacco Education and HSTF accounts.			
		19 AJE To correct GIAA receivable balance	
320963202	PASSGR INSPEC FEE-AIRPT AUTH	1,004,859.82	-
120912322	A/R G.A.A. PASSENGER FEES	-	2,781,233.73
209-233PLP	BUILDING RENT	1,776,373.91	-
		<u>2,781,233.73</u>	<u>2,781,233.73</u>
To correct A/R due from GIAA for passenger fees, to record related building rent withheld by GIAA from passenger fee remittances.			
		20 AJE To reverse a portion of PC # 18	
162441110	UNAPPROPRIATED SURPLUS	-	26,233.43
362457390	ADJUST PRIOR YRS EXPN/REV	26,233.43	-
		<u>26,233.43</u>	<u>26,233.43</u>
To record transfer out to the General Fund of the residual fund equity as the GBOA separately accounts for its activities outside of the fund accounting structure maintained by DOA.			

Government of Guam
 Summary of Proposed Audit Adjustments
 Fiscal year ended September 30, 2010

GOVERNMENT-WIDE

#	Name	Debit	Credit
	21 AJE To reinstate CIP		
139042100	INVESTMENT IN FIXED ASSETS-GF	-	54,299,541.77
DTT01	Construction in Progress	54,299,541.77	-
		<u>54,299,541.77</u>	<u>54,299,541.77</u>
	To record the construction of the Southern Regional Health Center, Layon		
	Landfill, FHA roads and other Infrastructure assets not yet completed as CWIP.		
	22 AJE To record equipment for the Superior Court of Guam and GDOE		
139018120	EQUIPMENT/FUR/OTHERS-GEN FUND	615,236.00	-
139018220	EQUIPMENT-FEDERAL FUND	2,605,785.00	-
139042100	INVESTMENT IN FIXED ASSETS-GF	-	615,236.00
139042200	INVESTMENT in FLXED ASSETS-FED	-	2,605,785.00
		<u>3,221,021.00</u>	<u>3,221,021.00</u>
	To record equipment for the Superior Court of Guam and GDOE.		
	23 AJE To properly record depreciation expense.		
139018339	ALWS FOR DEPN-EQPT CONDEMNATIO	-	1,505,446.86
139042100	INVESTMENT IN FIXED ASSETS-GF	1,505,446.86	-
		<u>1,505,446.86</u>	<u>1,505,446.86</u>
	To properly record depreciation expense and accumulated depreciation.		

We have reviewed the proposed audit adjustments summarized above for the Governmental Funds and Activities and agree that they should be presented at September 30, 2010. These adjusting journal entries are the results of error and not results of fraud, irregularities or illegal acts.



 Katherine B. Kakigi
 Deputy Financial Manager
 Government of Guam, Department of Administration

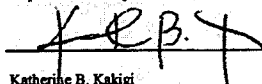
Government of Guam
 Summary of Uncorrected Misstatements
 Year ended September 30, 2010

LANDFILL		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of expenditures	Known		(46,154)			46,154		
2. Understatement of expenditures	Known		(260,373)			260,373		
Total Prior Year Misstatements		0	(306,527)	0	0	306,527	0	0
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of expenditures	Likely		(223,439)			223,439		
Total Misstatements, Excluding Carryover Effects		0	(223,439)	0	0	223,439	0	0
Total Misstatements, Including Carryover Effects		0	(223,439)	306,527	0	(83,088)	0	0

OTHER GOVERNMENTAL FUNDS-NONMAJOR		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of inventory balances	Known	181,459				(181,459)		
2. Understatement of MIP accounts payable	Known		(1,203,668)			1,203,668		
3. Understatement of Solid Waste receivables	Known	1,676,770	(713,365)			(963,405)		
4. Understatement of allowance for uncollectible accounts	Known	(14,465)				14,465		
5. Overstatement of receivables	Known		(277,046)			277,046		
6. Understatement of OBOA balances	Known	1,101,414	(23,450)			(1,077,964)		
7. Understatement of GPT payable balance	Known		(858,380)			858,380		
Total Prior Year Misstatements		2,945,178	(3,075,909)	0	0	130,731	0	0
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of receivable from U.S. Postal Services	Known	16,785				(16,785)		
2. Understatement of payable to GPT	Known		(285,732)			285,732		
3. Overstatement of GPT interfund balance	Known	(448,249)	(124,399)			572,648		
4. Overstatement MIP/Medicaid accrual	Known		1,194,499			(1,194,499)		
5. To properly record AR and Revenue for Solid Waste	Likely	(1,302,017)	(187,962)			1,489,979		
6. Transfer Guam Tobacco Deposits from GF-110023218	Likely	443,135				(443,135)		
7. To properly record deferred revenue for RPT	Known	735,112	(735,112)					
8. To record expenditure in the proper period	Known		(134,911)			134,911		
9. Understatement of expenditures	Likely		(211,251)			211,251		
Total Misstatements, Excluding Carryover Effects		(555,234)	(484,868)	0	0	1,040,102	0	0
Total Misstatements, Including Carryover Effects		(555,234)	(484,868)	130,731	0	909,371	0	0

GOVERNMENT WIDE		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
1. Understatement of claims payable	Known		(1,249,766)			1,249,766		
Total Prior Year Misstatements		3,182,361	(3,498,628)	0	0	316,267	0	0
Total Misstatements, Excluding Carryover Effects		2,207,442	(1,602,286)	0	0	(605,156)	0	0
Total Misstatements, Including Carryover Effects		2,207,442	(1,602,286)	316,267	0	(921,423)	0	0

We have reviewed the above summary of uncorrected misstatements above for the Governmental Funds and Activities and agree that they should be presented at September 30, 2010. These entries are the results of error and not results of fraud, irregularities or illegal acts.


 Katherine B. Kakigi
 Deputy Financial Manager
 Government of Guam, Department of Administration



Benita A. Manglona
Acting Director
George A. Santos
Deputy Director



Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
DIRECTOR'S OFFICE
(UFISINAN DIREKTOT)

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June 24, 2011

Deloitte & Touche LLP
361 SOUTH MARINE CORPS DRIVE
TAMUNING GU, 96913

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (the "Government"), as of and for the year ended September 30, 2010, which collectively comprise the Government's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows of the Government in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements of financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, in conformity with GAAP.
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and additional information accompanying the basic financial statements that is 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 acknowledgment of 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 a general-purpose government obtained from the Government Finance Officers Association.

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

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

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:

- a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
 - b. The financial statements properly classify all funds and activities, including special and extraordinary items, where applicable.
 - 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 and all other funds that are presented as major are particularly important to financial statement users.
 - 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. The basic financial statements report \$137,906,356 of restricted net assets, of which \$37,740,844 is restricted by enabling legislation.
 - 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-Government activity and balances have been appropriately classified and reported.
 - h. Deposits and investment securities are properly classified in the 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. The Government has provided to you all relevant information and access as agreed in the terms of the audit engagement letter, including:
 - a. Summaries of actions of legislation passed by the Government's legislative body.
 - b. Financial records and related data for all financial transactions of the Government and for all funds administered by the Government. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Government and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared, 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 Government management that contravenes the provisions of federal laws and local laws and regulations, or of contracts and grants applicable to the Government, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent

Auditor's 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, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
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. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior-year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2009 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.
 6. We understand corporate income tax return interest expense was tested using statistical or other sampling techniques and that certain errors in computing interest expense as of September 30, 2010 were found by you in the sample items selected. The effect of the known errors identified has been included in the summary of uncorrected misstatements attached to this letter as Appendix A. We also understand that to estimate the total amount of errors in corporate income tax return interest expense, a mathematical projection of the likely errors has been computed, which results in a potential understatement of \$1,482,000 of corporate income tax return interest expense at September 30, 2010. Only additional testing and verification by either the Government or you would produce a more accurate estimate of the errors within the interest expense. Such potential understatements are not included as part of Appendix A. Based on our judgment of the materiality of the understatements, we believe the effects of such potential unrecorded errors, as well as the effects when considered with the items in Appendix A, are immaterial to the financial statements taken as a whole.
 7. The Government has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Government and do not believe that the financial statements are materially misstated as a result of fraud.
 8. We have no knowledge of any fraud or suspected fraud affecting the Government involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial statements.
 9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, analysts, regulators, or others.
 10. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*), except as disclosed in Note 13 to the basic financial statements.
 11. Significant assumptions used by us in making accounting estimates are reasonable.
 12. 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

133, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.

- f. Taken 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 subrecipient'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.
20. 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.
21. 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, violation of provisions of contracts or grant agreements, or abuse that you report.
22. 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.
23. No organizations were identified that meet the criteria established in GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of Statement No. 14, *The Financial Reporting Entity*.
24. We are responsible for the fair presentation of the additional information accompanying the basic financial statements that is presented for the purpose of additional analysis of the basic financial statements.

Except where otherwise stated below, matters less than \$800,000 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 adjustment to or disclosure in the financial statements.

- 25. Except as listed in Appendices A and B, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 26. The Government has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
- 27. 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).

- subsidies, insurance, or direct appropriations. In addition, we have accurately completed the appropriate sections of the data collection form.
13. We are responsible for compliance with local, state, and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the Government's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Government is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
 14. 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 Auditor's Reports on Internal Control and on Compliance.
 15. The Government has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by local or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by local or federal law.
 16. The Government has identified in the Schedule of Expenditures of Federal Awards all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations.
 17. The Government has certified to federal granting agencies that it has not used federal funds for lobbying for specific federal awards and that it has disclosed, or will disclose, any expenditures of nonfederal funds made for lobbying purposes. The Government has also required, where applicable, all subrecipients of \$100,000 or more of federal funds to make the same certification.
 18. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
 19. 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 June 2010.
 - 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 Government, as applicable.
 - e. Monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-

- b. Guarantees, whether written or oral, under which the Government is contingently liable.
28. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.
29. 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.
30. 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 the Schedule of Findings and Questioned Costs Section of your Independent Auditor's 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 ASC 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*), except as disclosed in Note 13 to the basic financial statements.
31. The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in Notes 1, 6 and 13 to the financial statements.
32. The Government 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.
33. No department or agency of the Government has reported a material instance of noncompliance to us, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditor's Reports on Internal Control and on Compliance.
34. The Government has identified all derivative instruments as defined by GASB Technical Bulletin 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets (TB 03-1)*, and appropriately disclosed such derivatives in accordance with TB 03-1.
35. Other than those described in Note 14 to the financial statements, no events have occurred after September 30, 2010 but before June 24, 2011, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.
36. Management has disclosed whether, subsequent to September 30, 2010, any 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.
37. The Government is responsible for determining and maintaining the adequacy of the allowance for

uncollectible receivables, as well as estimates used to determine such amounts.

38. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments, we believe that:
- a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.
 - b. The completeness and adequacy of the disclosures related to the fair values are in conformity with accounting principles generally accepted in the United States of America.
 - c. No events have occurred subsequent to September 30, 2010 and before June 24, 2011, that requires adjustment to the fair value measurements and disclosures included in the financial statements.
39. The cost method is used to account for the Government's investment in common stock of an investee where the common stock is either nonmarketable or of which the Government has a 20 percent of lesser ownership interest and thus the Government does not have the ability to exercise significant influence over the investee's operating and financial policies.
40. During fiscal year 2010, the Government implemented the following pronouncements:
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes.
 - GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements.
 - GASB Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment.
 - GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code, and establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

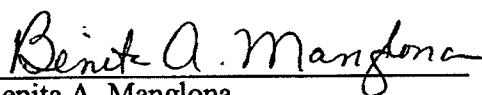
The implementation of these pronouncements did not have a material effect on the financial statements.

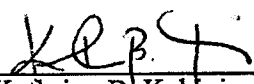
41. In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the Government.
42. In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related

to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Government.

43. In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the Government.
44. Management of the Government believes that it is in compliance with all significant limitations and restrictions of bond covenants as of September 30, 2010.
45. The Government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the primary government not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, the Government management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, the Government reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these risks in any of the past three fiscal years.
46. Note 13L to the financial statements discloses all of the facts (i.e., significant conditions and events and management plans) of which we are aware that are relevant to commence the process in reducing the General Fund deficit position. Management is of the opinion that no additional disclosure in the financial statements is considered necessary.
47. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.
48. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
49. Provision has been made, where applicable, to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the Government and do not include any items consigned to it or any items billed to customers.
50. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by the Government has been discovered, except as disclosed in the Schedule of Findings and Questioned Costs Section of your Independent Auditors' Reports on Internal Control and on Compliance.
51. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.
52. We have no intention of withdrawing from the retirement plans as disclosed in Note 12 to the financial statements or taking any other action that could result in an effective termination or reportable event for any of the plans.

Very truly yours,


 Benita A. Manglona
 Acting Director
 Department of Administration


 Kathrine B. Kakigi
 Deputy Financial Manager
 Department of Administration

GENERAL FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understated GGRF liability per confirmation	Known		(368,386)			368,386		
2. To record transactions in 110023302	Likely		(134,977)			134,977		
3. Understatement of GPT interfund balance	Known	124,399	448,249			(572,648)		
4. Understatement of payable to GDOE	Known		(102,780)			102,780		
5. Overstatement of accrual for Group Life Insurance	Known		135,000			(135,000)		
6. Understatement of GMH prepayments	Known	387,277	(387,277)					
7. Over accrual of EITC tax payable	Known		613,341			(613,341)		
8. To transfer transactions in 110023268	Known	591,251	(591,251)					
9. GRT Understatement	Known		25,493					
10. GRT Understatement	Likely		1,710,661			(1,736,154)		
11. Guam Tobacco Deposit Reclass to Healthy Futures Fund	Likely	(443,135)	443,135					
12. To properly record current year expense.	Known		(582,303)			582,303		
Total Misstatements, Excluding Carryover Effects		659,792	1,208,905	0	0	(1,868,697)	0	0

FEDERAL GRANTS FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of accounts payable/receivable from grantor	Known	107,468	(107,468)					
2. Understatement of accounts payable/receivable from grantor	Known	78,788	(78,788)					
3. Unsupported encumbrances	Likely				387,213			
4. To record transactions in acct 110023268	Known	473,166	(473,166)		(387,213)	736,340		
5. Understatement of expenditures	Likely	1,443,462	(1,443,462)			(736,340)		
6. Overstatement of expenditures	Known					1,443,462		
						(1,443,462)		
						(197,753)		
						197,753		
Total Misstatements, Excluding Carryover Effects		2,102,884	(2,102,884)	0	0	0	0	0

DMHSA RECEIVER FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
None								
Total Misstatements, Excluding Carryover Effects		0	0	0	0	0	0	0

LANDFILL		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of expenditures	Likely		(223,439)			223,439		
Total Misstatements, Excluding Carryover Effects		0	(223,439)	0	0	223,439	0	0

OTHER GOVERNMENTAL FUNDS-NONMAJOR		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
CURRENT YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of receivable from U.S. Postal Services	Known	16,785				(16,785)		
2. Understatement of payable to GPT	Known		(285,732)			285,732		
3. Overstatement of GPT interfund balance	Known	(448,249)	(124,399)			572,648		
4. Overstatement MIP/Medicaid accrual	Known		1,194,499			(1,194,499)		
5. To properly record AR and Revenue for Solid Waste	Likely	(1,302,017)	(187,962)			1,489,979		
6. Transfer Guam Tobacco Deposits from GF-110023218	Likely	443,135				(443,135)		
7. To properly record deferred revenue for RPT	Known	735,112	(735,112)					
8. To record expenditure in the proper period	Known		(134,911)			134,911		
9. Understatement of expenditures	Likely		(211,251)			211,251		
Total Misstatements, Excluding Carryover Effects		(555,234)	(484,868)	0	0	1,040,102	0	0

GOVERNMENT WIDE		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
Total Misstatements, Excluding Carryover Effects		2,207,442	(1,602,286)	0	0	(605,156)	0	0

GENERAL FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. To record transactions in 110023302	Likely	(520,944)	272,973			247,971		
2. Understatement of prepayments - \$10M BOG loan	Known	1,281,818				(1,281,818)		
3. Over accrual of EITC tax payable	Known		655,495			(655,495)		
4. Over accrual of GRT taxes receivable	Known	(318,585)				318,585		
Total Prior Year Misstatements		442,289	928,468	0	0	(1,370,757)	0	0

FEDERAL GRANTS FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. To record transactions in acct 110023268	Known	118,085	(118,085)			152,904		
						(152,904)		
2. To record transactions in acct 110023302	Likely	(520,944)	520,944					
3. Understatement of expenditures	Known	197,753	(197,753)			197,753		
						(197,753)		
Total Prior Year Misstatements		(205,106)	205,106	0	0	0	0	0

DMHSA RECEIVOR FUND		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
None noted								
Total Prior Year Misstatements		0	0	0	0	0	0	0

LANDFILL		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of expenditures	Known		(46,154)			46,154		
2. Understatement of expenditures	Known		(260,373)			260,373		
Total Prior Year Misstatements		0	(306,527)	0	0	306,527	0	0

OTHER GOVERNMENTAL FUNDS-NONMAJOR		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
PRIOR YEAR UNCORRECTED MISSTATEMENTS								
1. Understatement of inventory balances	Known	181,459				(181,459)		
2. Understatement of MIP accounts payable	Known		(1,203,668)			1,203,668		
3. Understatement of Solid Waste receivables	Known	1,676,770	(713,365)			(963,405)		
4. Understatement of allowance for uncollectible accounts	Known		(14,465)			14,465		
5. Overstatement of receivables	Known		(277,046)			277,046		
6. Understatement of GBOA balances	Known	1,101,414	(23,450)			(1,077,964)		
7. Understatement of GPT payable balance	Known		(858,380)			858,380		
Total Prior Year Misstatements		2,945,178	(3,075,909)	0	0	130,731	0	0

GOVERNMENT WIDE		Balance Sheet				Income Statement		
Entry Description	Type of Entry	Assets	Liabilities	Retained Earnings Beg of Year	Other Equity A/Cs	Income from Cont. Ops before Income Taxes	Income Tax Expense	Disc. Ops. and Extraordinary Items
1. Understatement of claims payable	Known		(1,249,766)			1,249,766		
Total Prior Year Misstatements		3,182,361	(3,498,628)	0	0	316,267	0	0