

April 29, 2015

Mr. Jon Fernandez
Superintendent
Guam Department of Education
P.O. Box DE
Hagatna, GU 96932

We have performed an audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Guam Department of Education (GDOE) as of and for the year ended September 30, 2014, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated April 29, 2015.

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

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

Our responsibility under generally accepted auditing standards and the 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 October 1, 2014. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on whether GDOE’s financial statements and the accompanying supplementary information for the year ended September 30, 2014, are presented fairly in relation to the financial statements as a whole, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) and to perform specified procedures on the required supplementary information for the year ended September 30, 2014.
- To express an opinion on whether the supplementary information that accompanies the financial statements including the schedule of expenditures of federal awards, is presented fairly, in all material respects, in relation to the financial statements as a whole.
- To report on GDOE’s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2014, based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.
- To report on GDOE’s compliance with requirements applicable to each major 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 RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, CONTINUED

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 Superintendent are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Office of the Superintendent of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to GDOE's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of GDOE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GDOE's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses

We also considered GDOE'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 GDOE'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 normally based on knowledge and experience about past and current events and on assumptions about future events. No significant accounting estimates were reflected in GDOE's 2014 financial statements

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on GDOE's financial reporting process. Such proposed adjustments, listed in Appendix I, have been recorded in the accounting records and are reflected in the 2014 financial statements.

In addition, we have attached to this letter, as Appendix II, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

GDOE's significant accounting policies are set forth in Note 1 to GDOE's 2013 financial statements. During the year ended September 30, 2014, there were no significant changes in previously adopted accounting policies or their application, except as follows:

During the year ended September 30, 2014, GDOE implemented the following pronouncements:

- GASB Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement.

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

OTHER INFORMATION IN THE ANNUAL REPORTS OF GDOE

When audited financial statements are included in documents containing other information such as GDOE's 2014 Annual Report, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We will read the other information in GDOE's 2014 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board.

DISAGREEMENTS WITH MANAGEMENT

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

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2014.

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

Throughout the year, routine discussions 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 FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of GDOE's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations GDOE 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 letters we obtained from management.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated April 29, 2015, on the GDOE's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. We have also issued a separate report to you, also dated April 29, 2015, involving the GDOE's compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133. Within those reports, we noted certain matters that were considered to be material weaknesses and significant deficiencies under standards established by the American Institute of Certified Public Accountants and 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 on 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.

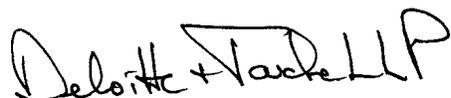
We have communicated to management, in separate letters also dated April 29, 2015, certain deficiencies and other matters related to the GDOE's internal control over financial reporting and the information technology environment that we identified during our audit.

* * * * *

This report is intended solely for the information and use of management, the Office of the Superintendent, the Office of Public Accountability of Guam, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

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

Very truly yours,

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

Guam Department of Education
 Summary of Corrected Misstatements
 Fiscal year ended September 30, 2014

GOVERNMENT WIDE

GL Number	Name	Debit	Credit
1 AJE To adjust JFK lease			
820-380100	AMT TOBE PROVIDED-C.LEASE	-	870,000
820-380300	CAPITAL LEASE -CURRENT	-	45,000
820-380200	CAPITAL LEASE-LONG TERM	915,000	-
		<u>915,000</u>	<u>915,000</u>
2 AJE To adjust for Municipal Lease			
820-380100	AMT TOBE PROVIDED-C.LEASE	-	3,258,272
820-280400	DEFERRED MAINT. COST	-	250,000
820-380300	CAPITAL LEASE -CURRENT	-	180,000
820-380200	CAPITAL LEASE-LONG TERM	3,695,000	-
820-280300	PREPAYMENT-CAPITAL LEASE	-	6,728
		<u>3,695,000</u>	<u>3,695,000</u>
3 AJE To record Okkudo Expansion			
810-251500	ACCUM. DEPR-BUILDINGS	-	456,360
820-380100	AMT TOBE PROVIDED-C.LEASE	22,818,000	-
820-380300	CAPITAL LEASE -CURRENT	-	775,000
820-380200	CAPITAL LEASE-LONG TERM	-	22,043,000
810-255000	FIXED ASSET CONTROL	-	22,361,640
810-251000	FIXED ASSETS-BUILDINGS	22,818,000	-
		<u>45,636,000</u>	<u>45,636,000</u>
4 AJE To adjust Tiyan Lease			
820-380100	AMT TOBE PROVIDED-C.LEASE	54,390,801	-
820-380300	CAPITAL LEASE -CURRENT	-	1,145,850
820-380200	CAPITAL LEASE-LONG TERM	-	53,244,951
810-255000	FIXED ASSET CONTROL	-	55,206,200
810-251000	FIXED ASSETS-BUILDINGS	54,102,076	-
810-060000-GADM	DEPRECIATION-BUILDINGS	1,104,124	-
		<u>109,597,001</u>	<u>109,597,001</u>
5 AJE To adjust annual leave			
820-340700	ACCRUED ANNUAL LEAVE-LT	-	3,324,540
820-340300	ACCRUED ANNUAL LEAVE-CURR	3,268,947	-
820-381200	EMPLOYEE BENEFITS	55,593	-
		<u>3,324,540</u>	<u>3,324,540</u>
6 AJE To adjust sick leave			
820-381300	DEF.CONTRIB.RETIRE/SICK	-	3,341,870
820-381200	EMPLOYEE BENEFITS	3,341,870	-
		<u>3,341,870</u>	<u>3,341,870</u>

Guam Department of Education
 Summary of Corrected Misstatements
 Fiscal year ended September 30, 2014

GENERAL FUND

GL Number	Name	Debit	Credit
1 AJE To reconcile opening fund balance			
190-210000	INTERFUND CASH	-	5,365
190-441900	FUND BALANCE	5,365	-
110-210000	INTERFUND CASH	5,365	-
110-029000-GADM	MISCELLANEOUS EXPENSE ACCOUNTS	-	5,365
		<u>10,730</u>	<u>10,730</u>
2 AJE To record additional liabilities			
180-045004-GADM	AIRCON EQUIPMENT	222,511	-
180-045004-GADM	AIRCON EQUIPMENT	821,102	-
110-023013-GADM	TRASH/SOLID WASTE SERVICE	82,794	-
110-024000-GADM	SUPPLIES	48,178	-
110-036100-GADM	POWER	186,086	-
110-023037-DTSS	FOOD MANAGEMENT CONTRACT	111,928	-
110-340100	ACCRUAL	-	1,472,599
110-441500	FB Res for Enc	48,178	-
110-441500	FB Res for Enc	82,794	-
110-441500	FB Res for Enc	186,086	-
180-441500	FB Res for Enc	222,511	-
180-441500	FB Res for Enc	821,102	-
110-441900	FUND BALANCE	-	317,058
180-441900	FUND BALANCE	-	1,043,613
		<u>2,833,270</u>	<u>2,833,270</u>
3 AJE To record post employment retirement benefits			
110-110000	TRANSFERS IN FROM GF	-	8,267,264
110-012100-RETB	POST EMPLOYMENT BENEFITS	8,267,264	-
		<u>8,267,264</u>	<u>8,267,264</u>
4 AJE To reconcile to DOA			
a) To reconcile appropriations			
110-023000-GADM	CONTRACTUAL	-	1,707,652
110-110000	TRANSFERS IN FROM GF	1,707,652	-
110-110000	TRANSFERS IN FROM GF	-	465,830
110-230100	DUE FROM GENERAL FUND	77,973	-
110-230100	DUE FROM GENERAL FUND	465,830	-
110-230100	DUE FROM GENERAL FUND	-	254,688
110-024018-DTSS	FUEL LIQUID PETROLEUM	-	77,973
115-110500	MISCELLANEOUS INCOME ACCOUNTS	254,688	-
b) To record JFK Lease			
110-045000-CAPL	CAPITAL LEASE PAYMENT	5,621,503	-
110-110000	TRANSFERS IN FROM GF	-	5,621,503

Guam Department of Education
 Summary of Corrected Misstatements
 Fiscal year ended September 30, 2014

GENERAL FUND, Continued

GL Number	Name	Debit	Credit
4 AJE To reconcile to DOA, Continued			
c) To record Tiyan Lease			
110-045000-OPLS	OPERATION LEASE EXPENSE	3,744,380	-
110-045000-CAPL	CAPITAL LEASE PAYMENT	5,010,595	-
110-110000	TRANSFERS IN FROM GF	-	9,318,699
110-240000	PREPAID EXPENSE	-	1,497,752
110-045000-SCND	CAPITAL IMPROVEMENT	2,061,476	-
Capital Lease Acq	CAPITAL LEASE AQUISITION	55,206,200	-
Capital Lease	CAPITAL LEASE	-	55,206,200
d) To record Okkodu expansion			
110-045000-CAPL	CAPITAL LEASE PAYMENT	1,600,000	-
110-110000	TRANSFERS IN FROM GF	-	1,600,000
Capital Lease Acq	CAPITAL LEASE AQUISITION	22,818,000	-
Capital Lease	CAPITAL LEASE	-	22,818,000
		<u>98,568,297</u>	<u>98,568,297</u>
5 AJE To reverse book order			
120-441500	FB Res for Enc	-	516,043
120-025100-DTSS	TEXTBOOKS	-	516,043
120-441900	FUND BALANCE	516,043	-
120-300000	ACCOUNTS PAYABLE	516,043	-
		<u>1,032,086</u>	<u>1,032,086</u>
6 AJE To record CWA Retro-Inactive			
110-011100-GADM	REGULAR SALARIES	507,392	-
110-340100	ACCRUAL	-	507,392
		<u>507,392</u>	<u>507,392</u>
7 AJE To write off long outstanding payables			
110-310100	ACCOUNTS PAYABLE OTHER	712,046	-
110-029000-GADM	REDUCTION IN SETTLEMENTS AND PY OBLIGATIONS	-	712,046
		<u>712,046</u>	<u>712,046</u>

FEDERAL GRANTS FUND

GL Number	Name	Debit	Credit
1 AJE To reconcile fund balance			
220-210000	INTERFUND CASH	-	3
211-340100	ACCRUAL	-	202
220-340100	ACCRUAL	1	-
211-441900	FUND BALANCE	202	-
220-441900	FUND BALANCE	2	-
		<u>205</u>	<u>205</u>

Guam Department of Education
 Summary of Corrected Misstatements
 Fiscal year ended September 30, 2014

FEDERAL GRANTS FUND, Continued

GL Number	Name	Debit	Credit
	2 AJE To reconcile Due fr federal agencies		
210-230000	ACCOUNTS RECEIVABLE	-	118,161
220-230000	ACCOUNTS RECEIVABLE	-	44,722
210-340100	ACCRUAL	179,130	-
220-340100	ACCRUAL	-	427,713
220-310700	DUE TO OTHER FED AGENCY	136,949	-
211-230000	ACCOUNTS RECEIVABLE	308,082	-
215-230000	ACCOUNTS RECEIVABLE	252,204	-
221-230300	ACCOUNTS RECEIVABLE	-	52,064
210-310200	DUE TO FEDERAL AGENCIES	-	2,610,728
211-310700	DUE TO OTHER FED AGENCY	-	307,917
210-120000	REVENUE	2,549,759	-
211-120000	FEDERAL GRANT INCOME	-	165
215-120000	REVENUE	-	351,324
220-120000	FEDERAL GRANT INCOME	335,486	-
215-310200	DUE TO FEDERAL AGENCIES	99,120	-
221-310700	DUE TO OTHER FED AGENCY	52,064	-
		<u>3,912,794</u>	<u>3,912,794</u>

Guam Department of Education
 Summary of Uncorrected Misstatements
 Fiscal year ended September 30, 2014

General Fund	Correcting Entry				Total
	Balance Sheet				
	Assets	Liabilities	Balance, Net Assets, or Equity Beg of	Income Statement	Total Should Equal 0
Summary of Misstatements	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	
Current-Year Known Misstatements					
PAJE 1 -To transfer unsupported credits from the Federal Grants Fund					0
Dr. Due to/from Federal Grants Fund		1,400,000			1,400,000
Cr. Transfers in				(1,400,000)	(1,400,000)
Total Known Misstatements	0	1,400,000		(1,400,000)	0

Federal Grants Fund	Correcting Entry				Total
	Balance Sheet				
	Assets	Liabilities	Balance, Net Assets, or Equity	Income Statement	Total Should Equal 0
Summary of Misstatements	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	
Current-Year Known Misstatements					
PAJE 1 -To transfer unsupported credits to the General Fund					0
Dr. Other liabilities		1,400,000			1,400,000
Cr. Due to/from General Fund	(1,400,000)				(1,400,000)
Total Known Misstatements	(1,400,000)	1,400,000		0	0

Agency Fund	Correcting Entry				Total
	Balance Sheet				
	Assets	Liabilities	Balance, Net Assets, or Equity Beg of	Income Statement	Total Should Equal 0
Summary of Misstatements	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	
Current-Year Known Misstatements					
PAJE 1 -To reconcile cash					0
Dr. Cash	15,936				15,936
Cr. Receipts/Disbursements				(15,936)	(15,936)
Total Known Misstatements	15,936	0		(15,936)	0



DEPARTMENT OF EDUCATION OFFICE OF THE SUPERINTENDENT

www.gdoe.net

P.O. Box D.E., Hagatña, Guam 96932

Telephone: (671)475-0457 or 300-1547/1536 • Fax: (671)472-5001

Email: jonfernandez@gdoe.net



JON J. P. FERNANDEZ
Superintendent of Education

April 29, 2015

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, each major fund, and the aggregate remaining fund information of the Guam Department of Education (GDOE), as of and for the year ended September 30, 2014, which collectively comprise the GDOE'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 GDOE in conformity with accounting principles generally accepted in the United States of America.

We confirm that we are responsible for the following:

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

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

changed or influenced by the omission or misstatement.

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

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:
 - a. The financial statements properly disclose all other related organizations.
 - b. The financial statements properly classify all funds and activities, including special and extraordinary items.
 - c. All funds that meet the quantitative criteria in the GASB Codification of Government Accounting and Financial Reporting Standards section 2200.153 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 position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
 - e. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - f. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - g. Interfund, internal, and intra-GDOE activity and balances have been appropriately classified and reported.
 - h. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved,
 - i. Deposits and investment securities are properly classified in the category of custodial credit risk.
 - j. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - k. Required supplementary information is measured and presented within prescribed guidelines.
 - l. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
 - m. Federal awards expenditures have been charged in accordance with applicable cost principles.
2. Regarding required supplementary information:

- a. We confirm that we are responsible for the required supplementary information
 - b. The required supplementary information is measured and presented in accordance with GASB Codification of Government Accounting and Financial Reporting Standards Section 2200, *Comprehensive Annual Financial Report*.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
3. Regarding supplementary information:
- a. We are responsible for the fair presentation of the supplementary information in accordance with GASB Codification of Government Accounting and Financial Reporting Standards 2200, *Comprehensive Annual Financial Report*.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification of Government Accounting and Financial Reporting Standards Section 2200, *Comprehensive Annual Financial Report*.
 - c. The methods of measurement and presentation of the supplementary information has not changed from those used in the prior period.
4. The GDOE has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
5. The GDOE has provided you:
- a. Public Laws as enacted by the Guam Legislature.
 - b. Minutes of the meetings of the Guam Education Board (GEB) from October 2013 through the date of this letter, which meetings were held on the following dates:

October 29, 2013	July 31, 2014
November 26, 2013	August 11, 2014
December 17, 2013	August 26, 2014
January 21, 2014	September 10, 2014
January 29, 2014	September 23, 2014
February 18, 2014	October 27, 2014
February 28, 2014	November 25, 2014
March 25, 2014	January 6, 2015
April 7, 2014	January 27, 2015
April 22, 2014	February 25, 2015
May 20, 2014	March 6, 2015
May 28, 2014	March 17, 2015
June 30, 2014	
 - c. Minutes of the meetings of Education Financial Support Commission (EFSC) from October 2013 through the date of this letter, which meetings were held on the following dates:

October 30, 2013
 November 26, 2013
 December 12, 2013
 January 31, 2014
 February 4, 2014
 February 26, 2014
 February 27, 2014

March 27, 2014
 April 30, 2014
 June 5, 2014
 August 7, 2014
 September 10, 2014
 October 21, 2014
 November 26, 2014

- d. Financial records and related data for all financial transactions of the GDOE and for all funds administered by the GDOE. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the GDOE 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.
 - e. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
6. We believe the EFSC minutes for the following meeting dates present no issues that would require disclosure or adjustments to the financial statements for the fiscal year ended September 30, 2014:
- January 30, 2015
 February 26, 2015
 March 18, 2015
7. There has been no:
- a. Action taken by GDOE management that contravenes the provisions of federal laws and Guam laws and regulations or of contracts and grants applicable to the GDOE, 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 for the United States of Department of Education Federal Fiscal year (FFY) 2013 Special Conditions dated June 23, 2014.
8. 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.
9. The GDOE 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 GDOE and do not believe that the financial statements are materially misstated as a result of fraud.
10. We have no knowledge of any fraud or suspected fraud affecting the GDOE 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.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the GDOE received in communications from employees, former employees, analysts, regulators, or others except for communications from GDOE's internal auditors that have been provided you concerning NAF activities.
 12. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*, except as disclosed in Note 4 to the financial statements.
 13. Significant assumptions used by us in making accounting estimates are reasonable.
 14. The Schedule of Expenditures of Federal Awards was prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have identified in that schedule all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. We have also properly identified subrecipient expenditures. In addition, we have accurately completed the appropriate sections of the data collection form.
 15. 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 GDOE'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 GDOE is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
 16. 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.
 17. 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.
 18. 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 relevant Compliance Supplements related to the year under audit.
 - 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 Auditor's 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 GDOE, 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 OMB Circular A-133.
 - 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.
19. 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.
20. 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, violations of provisions of contracts or grant agreements, or abuse that you report.

21. 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.
22. No organizations, except the Foundation for Public Education, Inc. (the Foundation), as noted below, were identified that meet the criteria established in GASB Codification of Government Accounting and Financial Reporting Standards Section 2100, *Defining the Financial Reporting GDOE*.

On August 2013, the Foundation was established. It is a legally separate, tax-exempt entity which meets the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation provides financial support for the objectives, purposes and programs of GDOE. Although GDOE does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) that the Foundation holds and invests are restricted to the activities of GDOE. Because the resources held by the Foundation can only be used by, or for the benefit of GDOE, the Foundation is considered a component unit of GDOE. As of September 30, 2014, the Foundation reported minimal collections below \$20,000, therefore presentation of the Foundation is not disclosed.

Except where otherwise stated below, matters less than \$2,940,000 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 basic financial statements.

23. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
24. The GDOE has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
25. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).
 - b. Guarantees, whether written or oral, under which the Entity is contingently liable.
26. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
 - b. The effect of the change would be material to the financial statements.
27. 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.
28. There are no:
 - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.
29. The GDOE 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.
30. The GDOE 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 Auditor's Reports on Internal Control and on Compliance.
31. No division of the GDOE 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.
32. Management has disclosed whether, subsequent to September 30, 2014, 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.
33. The GDOE 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 GDOE 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 the 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 the past three fiscal years.

34. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
35. Arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
36. Receivables recorded in the financial statements represent valid claims against debtors for appropriations or grants arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
37. We believe that all expenditures that have been deferred for future periods are recoverable.
38. We believe that the actuarial assumptions and methods used to measure pension costs for financial accounting purposes are appropriate in the circumstances.
39. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.
40. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.
41. During fiscal year 2014, GDOE implemented the following pronouncements:
 - GASB Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.
 - GASB Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans.

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

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

42. In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. The implementation of this statement will have a material effect on the financial statements of the Authority and will require a restatement disclosure upon implementation. As of September 30, 2014, the net pension liability that GDOE will record upon implementation of Statement 68 is anticipated to be \$398,418,002.
43. In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of GDOE.
44. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions in Statement 71 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of this statement on the financial statements of GDOE.
45. For fiscal year 2014, GDOE accrued \$198,000 of estimated merit bonus due, of which approximately \$17,000 relates to prior years.
46. As of September 30, 2014, GDOE accrued estimated unpaid retro-active personnel costs of approximately \$1,211,480 and \$507,392 for active and inactive employees, respectively.

GDOE accrued \$374,400 of liabilities due to the Guam Department of Public Works (DPW) for summer school busing in 2008 and 2009. Request for payment was dated in 2009 however within the past four years, DPW has requested reimbursement from GDOE. It is the opinion of GDOE management that the DPW liability shall remain.

47. On June 3, 2011, the Guam Legislature enacted Public Law 31-74 authorizing the expansion of Okkodo (also referred as Ukudo) High School as authorized under Section 1521 of the American Recovery and Reinvestment Act of 2009 and the issuance of tax exempt bonds of lease certificates. Certificates of Participation were issued by GovGuam on behalf of GDOE totaling \$22,818,000 to finance the expansion. Expansion was funded by appropriations from the Guam Legislature from available Section 30 revenues, tax credits, 2013 Series A Construction Account, 2013 Series B Construction Account, the Holding Fund and the Trust Fund established pursuant to the Trust Agreement. Project completed on July 10, 2014. GovGuam and GDOE management is of the opinion

that this agreement represents a capital lease and has recorded such as of September 30, 2014.

48. On December 30, 2013, GovGuam on behalf of GDOE exercised the option to purchase the leased Tiyan property. In addition to the purchase price of \$43,500,000 that comprises the Tiyan High School premises, the Guam Legislature enacted Public Law 31-229, authorizing GovGuam on behalf of GDOE to purchase additional property and the construction of new buildings and facilities for the Tiyan High School and the GDOE administration in the amount of \$43,648,970. Title to the Tiyan properties under the lease will transfer to GDOE upon the payment of all required rents. Tiyan 3 lot is owned by the Guam International Airport Authority under lease with the lessor and will be up for renewal on December 2041.

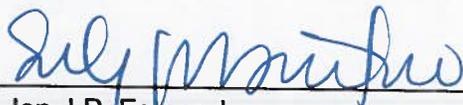
Lease payments are to be paid in the form of tax credits over the term of the lease. Commencing January 1, 2014 thru December 31, 2014, annual rent due is \$8,742,240 and \$6,411,410 for the subsequent year. Beginning January 1, 2016 thru December 31, 2024, annual rent due will be \$10,113,927 with a balloon payment due on December 31, 2024 for the remaining purchase price. Annual rent includes principal, interest at 7.193% of declining principal balance, insurance and maintenance costs.

As of September 30, 2014, \$55,206,200 of the Tiyan properties purchased were occupied. The remaining \$31,942,770 of properties have not been recorded as of September 30, 2014 and will be accounted for when construction is complete.

49. On October 2014, the Tiyan Lease Purchase Agreement was amended to extend the lease term thru December 31, 2041 plus \$7,499,090 of collateral equipment for the buildings to be constructed per Note 7D. Repayment in the form of tax credits will only apply to lease amounts due thru January 2015 to include the aforementioned collateral equipment. Effective February 2015, rent and additional rent (insurance and maintenance) due will be paid in the form of cash. Future annual rental payments were amended as follows:

January 2014 thru December 2014	\$ 8,742,240
January 2015 thru December 2015	6,411,410
January 2016 thru December 2016	7,272,935
January 2017 thru December 2038	10,113,927
January 2039 thru December 2040	3,702,517
January 2040 thru December 2041	2,840,992

50. Other than those disclosed in note 9 to the financial statements, as discussed in item 51 of this letter, no events have occurred after September 30, 2014, but before April 29, 2015, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.



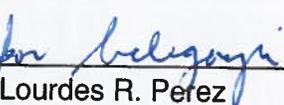
Jon J.P. Fernandez
Superintendent of Education

M



Taling M. Taitano
Deputy Superintendent of Finance and
Administrative Services

for



Lourdes R. Perez
Comptroller



Franklin Cooper-Nurse
Chief Internal Auditor

APPENDIX A

**Guam Department of Education
 Summary of Uncorrected Misstatements
 Fiscal year ended September 30, 2014**

General Fund	Correcting Entry			
Summary of Misstatements	Balance Sheet			
	Assets	Liabilities	Fund Balance	Income Statement
Current-Year Known Misstatements				
PAJE 1-To transfer unsupported credits from the Federal Grants Fund				
Dr. Due to/from Federal Grants Fund		1,400,000		
Cr. Transfers in				(1,400,000)
Total Known Misstatements	0	1,400,000		(1,400,000)
Federal Grants Fund				
Summary of Misstatements	Correcting Entry			
Summary of Misstatements	Balance Sheet			
	Assets	Liabilities	Fund Balance	Income Statement
Current-Year Known Misstatements				
PAJE 1-To transfer unsupported credits to the General Fund				
Dr. Other liabilities		1,400,000		
Cr. Due to/from General Fund	(1,400,000)			
Total Known Misstatements	(1,400,000)	1,400,000		0
Agency Fund				
Summary of Misstatements	Correcting Entry			
Summary of Misstatements	Balance Sheet			
	Assets	Liabilities	Fund Balance	Income Statement
Current-Year Known Misstatements				
PAJE 1-To reconcile cash				
Dr. Cash	15,936			
Cr. Receipts/Disbursements				(15,936)



DEPARTMENT OF EDUCATION

OFFICE OF THE SUPERINTENDENT

www.gdoe.net
 500 Mariner Avenue
 Barrigada, Guam 96913
 Telephone: (671) 300-1547/1536 • Fax: (671) 472-5001
 Email: jonfernandez@gdoe.net



JON J. P. FERNANDEZ
 Superintendent of Education

April 29, 2015

Deloitte & Touche LLP
 361 South Marine Corps Drive
 Tamuning, GU 96913

Dear Deloitte & Touche,

We are providing this letter in connection with your audit of the compliance requirements of the federal award programs of the Guam of Education (GDOE) for the year ended September 30, 2014, namely the following major programs:

10.555	Child Nutrition Cluster
15.875	Economic, Social and Political Development of the Territories
84.027	Special Education – Grants to States (IDEA, Part B)
84.403	Consolidated Grants to the Outlying Areas
93.600	Head Start

1. We are responsible for the compliance with local and federal laws, rules, and regulations, including compliance with the requirements of OMB Circular A-133 and provisions of grants and contracts relating to GDOE'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. We are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
2. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide 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.
3. GDOE 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.
4. GDOE has made available to you all records and related data for all financial transactions of GDOE and for all funds administered by GDOE. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GDOE and provide the audit trail to be used in a review of accountability. Information presented in federal financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, except as disclosed in the Schedule of Findings and Questioned Costs.
5. GDOE has obligated, expended, received, and used public funds of the Government of

Guam 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, except as disclosed in the Schedule of Findings and Questioned Costs.

6. Money or similar assets handled by GDOE on behalf of the Government of Guam or Federal Government have been properly and legally administered, and the accounting and record keeping related thereto is proper, accurate, and in accordance with law, except as disclosed in the Schedule of Findings and Questioned Costs.
7. Regarding the Schedule of Expenditures of Federal Awards (SEFA):
 - a. We confirm that we are responsible for the SEFA.
 - b. We believe the SEFA, including its form and content, is fairly presented in relation to the basic financial statements taken as a whole and in accordance with the requirements of OMB Circular A-133.
 - c. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period.
8. GDOE 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. We affirm there no federal loans or loan guarantees that are effective in FY 2014.
9. GDOE has 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 March 2014.
10. We have 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.
11. GDOE has 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.
12. We have identified and disclosed interpretations of any compliance requirements that have varying interpretations.
13. GDOE has made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
14. GDOE 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. GDOE has also required all subrecipients of \$100,000 or more of federal funds to make the same certification.

15. GDOE has monitored sub-recipient expenditures of federal financial assistance in accordance with applicable laws and regulations.
16. GDOE has taken appropriate corrective action on a timely basis after receipt of a sub-recipient's auditor's report that identifies noncompliance with laws, regulations, or the provisions of contracts or grant agreements.
17. GDOE has considered the results of sub-recipients' audits and made any necessary adjustments to GDOE's own books and records.
18. GDOE has 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 and covering the period subsequent to September 30, 2014.
19. GDOE is responsible for complying, and has complied, with Circular A-133, except as disclosed in the Schedule of Findings and Questioned Costs.
20. GDOE is responsible for and has accurately prepared the Summary Schedule of Prior Audit Findings. The schedule contains all findings required to be included by Circular A-133.

Except where otherwise stated below, matters less than \$10,000 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.

21. GDOE has disclosed whether, subsequent to September 30, 2014, any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred.
22. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of programs administered by GDOE has been discovered.
23. No events have occurred subsequent to September 30, 2014, that requires consideration as adjustments to or disclosures in the schedule of federal awards and related notes.
24. We have disclosed 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 September 30, 2014 to the date of your auditors' report
25. GDOE has disclosed all contracts or other agreements with the auditee's service organization.
26. GDOE has disclosed all communications from the auditee's third-party service organization relating to noncompliance with the auditee's operations at that service organization.
27. There is no program income in FY 2014 for all major programs listed above, except for CFDA 84.403 Consolidated Grants to the Outlying Areas in the amount of \$335,287.

July Martinez 4/29/15

for Jon J. P. Fernandez
Superintendent of Education Date

Taling M. Taitano 04/29/15

for Taling M. Taitano
Deputy Superintendent, Finance & Administrative Services Date

Ignacio C. Santos 4/29/15

for Ignacio C. Santos
Administrator, Federal Programs Date