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September 8, 2015

The Executive Officers
Mayors' Council of Guam

Dear Officers:

We have performed an audit of the financial statements of the Mayors' Council of Guam as of and for the year ended September 30, 2014, in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and have issued our report thereon dated September 8, 2015, which report was qualified as we were unable to verify the classification of certain deposits and disbursements.

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 the Mayors' Council of Guam 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 May 5, 2015. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on whether the Mayors' Council of Guam's statement of cash deposits and disbursements and changes in cash (the "financial statement") for the year ended September 30, 2014 (the "financial statement"), is presented fairly, in all material respects, in accordance with the cash basis of accounting;
- To express an opinion on whether the supplementary information that accompanies the financial statement is presented fairly, in all material respects, in relation to the financial statement as a whole;
- To report on the Mayors' Council of Guam's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2014 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statement that have has been prepared with the oversight of management is presented fairly, in all material respects, in conformity with the cash basis of accounting. The audit of the financial statement does not relieve management of their responsibilities.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to Mayors' Council of Guam'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 Mayors' Council of Guam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mayors' Council of Guam'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.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statement was designed to obtain reasonable, rather than absolute, assurance about whether the financial statement is free of material misstatement, whether caused by error or fraud. The misstatements included in Attachment I were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period.

In addition, we have attached to this letter, Appendix A to Attachment II, an uncorrected misstatement identified by us during the current engagement and pertaining to the latest period presented that was determined by management to be immaterial to the financial statement taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

The Mayors' Council of Guam's significant accounting policies are set forth in Note 1 to the Mayors' Council of Guam's 2014 financial statement. During the year ended September 30, 2014, there were no significant changes in previously adopted accounting policies or their application.

CRITICAL ACCOUNTING POLICIES AND PRACTICES

Critical accounting policies are those that are both most important to the portrayal of the Mayors' Council of Guam's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We had no oral discussions with management regarding critical accounting policies and practices related to the year ended September 30, 2014.

ALTERNATIVE ACCOUNTING TREATMENTS

We had no discussions with management regarding alternative accounting treatments within the cash basis of accounting for policies and practices related to material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, related to the year ended September 30, 2014.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Mayors' Council of Guam's 2014 financial statement.

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

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

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

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

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

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated September 8, 2015, on the Mayors' Council of Guam'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*. Within that report, no matters were identified that are considered to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

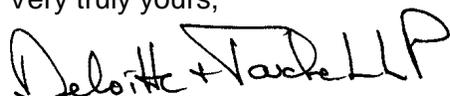
We have communicated to management and the Mayors and Vice Mayors of the nineteen municipalities, in separate letters also dated September 8, 2015, certain deficiencies and other matters related to Mayors' Council of Guam's internal control over financial reporting that we identified during our audit.

Although we have included management's written responses to our comments contained in the reports, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statement 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.

* * * * *

This report is intended solely for the information and use of the management of Mayors' Council of Guam and the Office of Public Accountability - Guam and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Mayor's Council of Guam Proposed Adjustments September 30, 2014		ATTACHMENT I	
#	Name	Debit	Credit
1	Agana Heights Mayor's Office		
	Cash	1,136	
	Unclassified Receipts		1,136
		<u>1,136</u>	<u>1,136</u>
	To book unrecorded deposits		
2	Agat Mayor's Office		
	Food and catering	4,445	
	Awards	1,410	
	Bank charges	10	
	Cash - 20%		5,865
		<u>5,865</u>	<u>5,865</u>
	To record check disbursements and other bank debits		
3	Agat Mayor's Office		
	Supplies	20,157	
	Others	1,137	
	Transportation	3,305	
	Food	8,355	
	Donation	500	
	Taxes	1,048	
	Equipment	602	
	Repairs	861	
	Cash - 10%		35,966
		<u>35,966</u>	<u>35,966</u>
	To record check disbursements and other bank debits		
4	Agat Mayor's Office		
	Cash - 20%	110	
	20% Bingo	190	
	Others		300
		<u>300</u>	<u>300</u>
	To adjust 20% bingo and other receipts		

#	Name	Debit	Credit		
5	Agat Mayor's Office				
	Cash - 10%	8,148			
	10% Bingo		8,148		
		8,148	8,148		
	To adjust 10% bingo and other receipts				
6	Inarajan Mayor's Office				
	Cash - HCB	1,500			
	Disbursement - Sport Donation		1,500		
		1,500	1,500		
	To adjust voided check recorded in the NAF report				

#	Name	Debit	Credit
7	Inarajan Mayor's Office		
	Cash - SC	434	
	Bingo proceeds	634	
	Other income		1,068
		<u>1,068</u>	<u>1,068</u>
	To adjust program income and reclass initially recorded amount		
8	Merizo Mayor's Office		
	Cash - MPC Fund	19,948	
	Bank Charges	36	
	Others	182	
	Disbursements - unclassified	36	
	Receipts - Unclassified		20,202
		<u>20,202</u>	<u>20,202</u>
	To propose to record unrecorded receipts and charges in FY2014		
9	Merizo Mayor's Office		
	Cash - Cemetery Fund	964	
	Bank Charges	36	
	Reimbursements		1,000
		<u>1,000</u>	<u>1,000</u>
	To propose to record unrecorded receipts and charges in FY2014		
10	Merizo Mayor's Office		
	Cash - Senior Center	982	
	Bank Charges	36	
	Receipts - Unclassified		1,018
		<u>1,018</u>	<u>1,018</u>
	To propose to record unrecorded receipts and charges in FY2014		
11	MCOG Revolving Fund		
	Disbursements	562	
	Cash		562
		<u>562</u>	<u>562</u>

#	Name	Debit	Credit
	To adjust NAF balances to agree with audited balances		
12	Yigo Mayor's Office		
	Cash	86	
	Disbursements - Unclassified	886	
	Receipts - Unclassified		86
	Cash		886
		<u>972</u>	<u>972</u>
	To adjust NAF ledger account		
13	Yigo Mayor's Office		
	Cash - Senior Center	58	
	Receipts - Unclassified		58
		<u>58</u>	<u>58</u>
	To reconcile to the cash account		
14	Yigo Mayor's Office		
	Disbursements - Others	309	
	Cash - Senior Center		309
		<u>309</u>	<u>309</u>
	To reconcile to the cash account		
15	Yona Mayor's Office		
	Bank charges	61	
	Cash - NAF		61
		<u>61</u>	<u>61</u>
	To record bank charges in FY14		
16	Yona Mayor's Office		
	Disbursements - Unclassified	601	
	Cash - Senior Center		601
		<u>601</u>	<u>601</u>
	To reconcile to the cash account		

#	Name	Debit	Credit		
	<p>We have reviewed the proposed audit adjustments above as of September 30, 2014 and agree that the above be recorded to the MCOG ledger. The above are not the result of fraud or illegal acts.</p>				
					
	<p>Angel R. Sablan MCOG Executive Director</p>				



Mayors' Council of Guam

Konsehelon Mahot Guahan

September 8, 2015

Deloitte & Touche LLP
361 S. Marine Drive
Tamuning, Guam 96913-3911

Gentlemen:

We are providing this letter in connection with your audits of the statements of deposits and disbursements of the Mayor's Council of Guam (MCOG) as of September 30, 2014 and 2013 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the results of operations of the MCOG prepared on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than 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 financial statements of the results of operations of the MCOG prepared on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.
- b. The fair presentation of the supplementary information accompanying the financial statements and additional information accompanying the financial statements that is presented for the purpose of additional analysis of the financial statements.
- c. 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
- d. Establishing and maintaining effective internal control over financial reporting.

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 charged 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.



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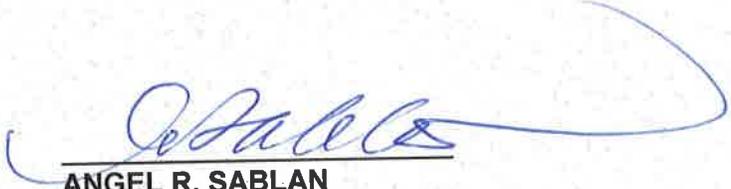
1. Such financial statements present only the activities of the Non-Appropriated Funds and the Senior Center Operations Program and are not intended to present fairly the financial position and results of operations of other activities of the MCOG in accordance with the cash basis of accounting.
2. Except for the effect of adjustments, if any, as might have been determined to be necessary had you been able to determine the classification of \$49,201 of deposits and \$13,010 of disbursements for the year ended September 30, 2014 and the classification of \$19,285 of deposits and \$22,420 of disbursements for the year ended September 30, 2013, the financial statements referred to above are fairly presented on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.
3. MCOG has provided to you all relevant information and access as agreed in terms of the audit engagement letter, including financial records and related data for all financial transactions of the Non-Appropriated Funds and the Senior Center Operations Program. The records, books, and accounts, as provided to you, record the financial and fiscal operations of the Non-Appropriated Funds and the Senior Center Operations Program administered by the MCOG and provides 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 statement has been prepared.
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. MCOG has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risk of fraud in the MCOG and do not believe that the financial statements are materially misstated as a result of fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the MCOG involving
 - a. Management
 - b. Employees who have significant roles in the MCOG's internal control over financial reporting,
 - c. Others if the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the MCOG received in communications from employees, former employees, analysts, regulators, short sellers, or others.

8. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
9. There have been no unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.
10. MCOG did not utilize legal services for any purpose during the fiscal years ended September 30, 2014 and 2013 and to the date of this letter.

Except where otherwise stated below, matters less than \$6,400 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.

11. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statement.
12. MCOG has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
13. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.
14. MCOG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any assets been pledged as collateral.
15. We have complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.
16. Regarding supplementary information:
 - a. We are responsible for the fair presentation of the supplementary information in accordance with the basis of cash deposits and disbursements.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with the basis of cash deposits and disbursements.
 - c. The method of measurement and presentation of the supplementary information has not changed from those used in the prior period.

17. No events have occurred after September 30, 2014 but before September 8, 2015, the date the financial statement were available to be issued that require adjustment to, or disclosure in, the financial statement.



ANGEL R. SABLAN
Executive Director

Mayor's Council of Guam
 Summary of Uncorrected Misstatements
 September 30, 2014

Entity Description	Assets	Liabilities	Retained Earnings	Income Statement
	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Dededo Mayor's Office				
Dr. Cash	3,038			
Cr. Disbursements				(3,038)
	3,038			(3,038)

We have reviewed the uncorrected misstatement above as of September 30, 2014. The uncorrected misstatement is not material to the current fiscal year financial statements. The above is not the result of fraud or illegal acts.

Angel R. Sablan
 MCOG Executive Director