

April 19, 2012

The Liberation Day Committee

Dear Sir/Madam:

We have performed an audit of the financial statement of the 2010 Guam Island Fair / 66<sup>th</sup> Liberation Day Committee Fund (the Fund) for the period from March 17, 2010 to December 31, 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 April 19, 2012.

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 Fund 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 June 20, 2011. 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 the Fund’s financial statements for the period from March 17, 2010 to December 31, 2010 in conformity with the cash basis of accounting;
- To report on the Fund’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 period from March 17, 2010 to December 31, 2010 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 statements that have been prepared by management are presented fairly, in all material respects, in conformity with the cash basis of accounting. The audit of the financial statements does not relieve management of their responsibilities.

We considered the Fund’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

## **ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. During the period from March 17, 2010 to December 31, 2010, we are not aware of any significant accounting estimates or management's judgments reflected in the Fund's financial statement.

## **SIGNIFICANT ACCOUNTING POLICIES**

The Fund's significant accounting policies are set forth in Note 1 to the Fund's 2010 financial statement.

## **DISAGREEMENTS WITH MANAGEMENT**

We have not had any disagreements with management related to matters that are material to the Fund's 2010 financial statement.

## **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.

## **MANAGEMENT'S REPRESENTATIONS**

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

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

Throughout the year, routine discussions 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 Fund's management and staff and had unrestricted access to the Fund's senior management in the performance of our audit.

## **CONTROL-RELATED MATTERS**

We have issued a separate report to you, dated April 19, 2012, on the Fund'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*.

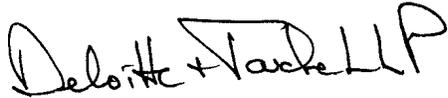
We have communicated to management, in a separate letter also dated April 19, 2012, deficiencies and other matters that we identified during our audit.

\* \* \* \* \*

This report is intended solely for the information and use of the management of Mayors' Council of Guam, Liberation Day Committee 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.

We wish to thank the staff and management of the Fund 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.



# Mayors' Council of Guam

*Konsehelon Mahot Guåhan*

APPENDIX I

April 19, 2012

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

Gentlemen:

We are providing this letter in connection with your audit of the statement of deposits and disbursements and changes in cash of the 2010 Guam Island Fair/66<sup>th</sup> Liberation Day Committee Fund (the Fund) for the period from March 17, 2010 to December 31, 2010 for the purpose of expressing an opinion as to whether the financial statement presents fairly, in all material respects, the results of operations of the Fund 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 statement of results of operations of the Fund prepared on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.
- b. The design and implementation of programs and controls to prevent and detect fraud.
- c. 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 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. 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 certain deposits of \$48,874 and disbursements of \$32,683 for period from March 17, 2010 to December 31, 2010, the financial statement referred to above is fairly presented on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.
2. The Fund has provided to you all relevant information and access as agreed in the terms of the audit engagement letter, including:
  - a. Financial records and related data for all financial transactions of the Fund. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Fund and provide the audit trail to be used



P. O. Box 786, Hagåtña, Guam 96932  
Office: (671) 472-6940, 477-8461 • Fax: (671) 477-8777  
E-mail: mcogadmin@teleguam.net

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.

- b. Minutes of meetings of the Liberation Day Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. The Fund has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Fund and do not believe that the financial statements are materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud affecting the Fund involving (1) management, (2) employees who have significant roles in the Fund's internal control over financial reporting, or (3) others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Fund received in communications from employees, former employees or others.
6. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
7. There are no unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 450, Contingencies (formerly FASB Statement No. 5, Accounting for Contingencies).
8. The Fund did not utilize legal services for any purpose during the period from March 17, 2010 to December 31, 2010 and to the date of this letter.

Except where otherwise stated below, matters less than \$2,200 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.

9. There are no transactions that have not been properly recorded in the accounting records underlying the financial statement.
10. 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 Fund is contingently liable.
11. The Fund has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
12. There are no:

Deloitte & Touche LLP

April 19, 2012

Page 3

- 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 FASB ASC 450, *Contingencies*.
13. The Fund 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.
  14. We have complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.
  15. No events have occurred after December 31, 2010 but before April 19, 2012, the date the financial statement was available to be issued that require adjustment to, or disclosure in, the financial statement.

Very truly yours,



Angel Sablan  
Chairperson  
2010 Liberation Day Festivities

4-19-12  
Date