

November 21, 2013

The Guam Island Fair/Liberation Day Committee

Dear Sir/Madam:

We have performed an audit of the financial statement of the Guam Island Fair/Liberation Day Committee Fund for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated November 21, 2013.

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 Guam Island Fair/Liberation Day Committee 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 April 12, 2013. 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 Guam Island Fair/Liberation Day Committee Fund’s financial statement for the year ended December 31, 2012 in conformity with the cash basis of accounting;
- To report on the Guam Island Fair/Liberation Day Committee 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 year ended December 31, 2012 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 has been prepared by 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.

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

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statement 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 year ended December 31, 2012, we are not aware of any significant accounting estimates or management's judgments reflected in the Guam Island Fair/Liberation Day Committee Fund's financial statement.

SIGNIFICANT ACCOUNTING POLICIES

The Guam Island Fair/Liberation Day Committee Fund's significant accounting policies are set forth in Note 1 to the Guam Island Fair/Liberation Day Committee Fund's 2012 financial statement. During the year ended December 31, 2012, there were no significant changes in previously adopted accounting policies or their application.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Guam Island Fair/Liberation Day Committee Fund's 2012 financial statement.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE 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 2012.

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.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Guam Island Fair/Liberation Day Committee Fund's management and staff and had unrestricted access to the Guam Island Fair/Liberation Day Committee Fund's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Guam Island Fair/Liberation Day Committee Fund's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Guam Island Fair/Liberation Day Committee 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.

CONTROL-RELATED MATTERS

We have issued a separate report to you, also dated November 21, 2013, containing certain matters involving the Guam Island Fair/Liberation Day Committee 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*. Although we have included management's written responses to our comments contained in that report, such responses have not been subjected to the auditing procedures applied in our audit of the 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.

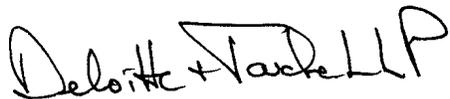
We have communicated to management, in a separate letter also dated November 21, 2013, deficiencies and other matters that we identified during our audit. Although we have included management's written responses to our comments contained in that report, such responses have not been subjected to the auditing procedures applied in our audit of the 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 the Mayors' Council of Guam, Guam Island Fair/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 Guam Island Fair/Liberation Day Committee Fund for their cooperation and assistance during the course of this engagement.

Very truly yours,

Handwritten signature of Deloitte + Touche LLP in black ink.



Mayors' Council of Guam

Konsehelon Mahot Guahan

November 21, 2013

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

We are providing this letter in connection with your audits of the statements of deposits, disbursements and changes in cash of the Guam Island Fair/Liberation Day Committee Fund (the Fund) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statement presents fairly the cash position and results of operations of the Fund in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than the 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 the cash position and results of operations of the Fund in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP.
- b. The design, implementation, and maintenance 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 audits.

1. The financial statement referred to above is fairly presented in conformity with the basis of accounting described in note 1 to the financial statements.
2. The Fund has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. The Fund has provided you financial records and related data.
4. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.



Deloitte & Touche LLP

November 21, 2013

Page 2

5. 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.
6. We have no knowledge of any fraud or suspected fraud affecting the Fund involving:
 - a. Management,
 - b. Employees who have significant roles in the Fund'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 Fund received in communications from employees, former employees, regulators or others.

Except where otherwise stated below, matters less than \$5,000 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.

8. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. The Fund has no plans or intentions that may affect the carrying value or classification of assets and fund balances.
10. Regarding related parties:
 - a. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
 - a. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
11. 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. Known actual or possible litigation and claims whose effects should be considered and accounted for and disclosed in the financial statements and that have not been disclosed to you.
12. 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.
13. The Fund has complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.

Deloitte & Touche LLP

November 21, 2013

Page 3

14. The Fund did not utilize legal services during the years ended December 31, 2012 and 2011, and to the date of this letter.
15. No events have occurred subsequent to December 31, 2012 but before November 21, 2013, the date the financial statement was available to be issued that would require adjustments to, or disclosures in, the financial statement.



Mayor Paul McDonald
President
Mayors' Council of Guam



Angel Sablan
Overall Chairperson
Liberation Day Committee