

April 11, 2018

Board of Directors
Guam Visitors Bureau:

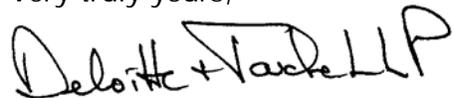
Dear Members of the Board of Directors:

We have performed an audit of the financial statements of the Guam Visitors Bureau (GVB) and its Special Tourist Attraction Fund Projects as of and for the year ended September 30, 2017, 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 11, 2018.

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 GVB is responsible.

This report is intended solely for the information and use of the Board of Directors, the management 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. However, this report is also a matter of public record.

Very truly yours,

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

cc: The Management of Guam Visitors Bureau

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

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated July 26, 2017. As described in that letter, the objectives of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on the fairness of each opinion unit in GVB's financial statements and the accompanying supplementary information and to disclaim an opinion on the required supplementary information for the year ending September 30, 2017 in conformity with accounting principles generally accepted in the United States of America, ("generally accepted accounting principles"), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the financial statements is presented fairly, in all material respects, in relation to the financial statements as a whole; and
- To report on GVB'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, 2017 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 with the oversight of management and the Board of Directors 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 Board of Directors 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 GVB'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 GVB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GVB'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 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. Significant accounting estimates reflected in GVB's 2017 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2017, there were no significant changes in accounting estimates or in management's judgments relating to such estimates.

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

MATERIAL CORRECTED MISSTATEMENTS

Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. These corrected misstatements are listed in Attachment II and are reflected in the 2017 financial statements.

SIGNIFICANT ACCOUNTING POLICIES

GVB's significant accounting policies are set forth in Note 1 to GVB's 2017 financial statements. During the year ended September 30, 2017, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GVB:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The implementation of this statement had a material effect on the financial statements resulting in the restatement of GVB's 2016 financial statements to reflect the reporting of pension liabilities, deferred inflows of resources and deferred outflows of resources for ad hoc COLAs and supplemental annuity payments and the recognition of pension expense in accordance with the provisions of GASB Statement No. 73. The 2016 financial statements were also restated due to changes in actuarial assumptions and other inputs used to determine the pension liabilities, deferred inflows of resources and deferred outflows of resources for the qualified pension plan.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

	As Previously <u>Reported</u>	<u>Adjustment</u>	As <u>Restated</u>
As of October 1, 2015:			
Net position	\$ 15,779,482	\$ (250,063)	\$ 15,529,419
For the year ended September 30, 2016:			
Operating expense:			
Personnel	\$ 3,021,954	\$ 163,230	\$ 3,185,184
As of September 30, 2016:			
Deferred outflows of resources:			
Deferred outflows from pension	\$ 648,508	\$ 95,998	\$ 744,506
Net pension retirement liability	\$ 4,513,916	\$ 498,640	\$ 5,012,556
Deferred inflows of resources:			
Deferred inflows from pension	\$ -	\$ 10,651	\$ 10,651
Net position	\$ 17,794,057	\$ (413,293)	\$ 17,380,764

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB).
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units.
- GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Except for GASB Statement No. 73, the implementation of these statements did not have a material effect on the GVB's financial statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on an actuarial valuation dated October 1, 2015, the net OPEB obligation that GVB will record upon implementation of Statement 75 is anticipated to be \$3,964,054 as of September 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions in Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

OTHER INFORMATION IN THE ANNUAL REPORTS OF GVB

When audited financial statements are included in documents containing other information, such as Annual Reports, 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. In the event that GVB issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in GVB's 2017 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 of Directors.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GVB's 2017 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 2017.

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

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

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

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated April 11, 2018, on GVB'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 11, 2018, certain deficiencies and other matters related to GVB's internal control that we identified during our audit.



April 11, 2018

Deloitte & Touche LLP
 361 South Marine Corps Drive
 Tamuning, GU 96913-3973

We are providing this letter in connection with your audits of the financial statements of net position/balance sheets of the Guam Visitors Bureau ("GVB"), a component unit of the Government of Guam (GovGuam), and its Special Tourist Attraction Fund Projects as of and for the years ended September 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, of operation and changes in fund balance and of cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of GVB in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of financial position in accordance with GAAP.
- b. The fair presentation of the 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. 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 on 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 statements disclosure checklist for general purpose financial statements 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 audits.

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



- a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- b. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- c. Deposits and investment securities are properly classified in the category of custodial credit risk.
- d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
- e. Required supplementary information is measured and presented within prescribed guidelines.
- f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
- g. The financial statements properly classify all funds and activities, including special and extraordinary items.
- h. All funds that meet the quantitative criteria in the GASB Codification of Government Accounting and Financial Reporting Standards ("GASB Codification") Section 2200.159 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.
- i. 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.
- j. 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.
- k. GVB's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
- l. GVB has followed GASB Codification Section 1800.178 regarding which resources restricted, committed, assigned, or unassigned are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.
- m. Interfund, internal, and intra-GVB activity and balances have been appropriately classified and reported.
- n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.
- o. GVB meets the GASB-established requirements for using the modified approach to account for eligible infrastructure assets.



2. GVB has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. GVB has made available to you:
 - a. All minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - b. All financial records and related data for all financial transactions of GVB and for all funds administered by GVB. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GVB 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.
 - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
4. There has been no:
 - a. Action taken by GVB management that contravenes the provisions of federal laws and GovGuam laws and regulations, or of contracts and grants applicable to GVB.
 - b. Communications with 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.
5. 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 for each opinion unit. A summary of such uncorrected misstatements has been attached as Appendix A.
6. We believe the effects of the uncorrected financial statements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2016 taken as a whole. A summary of uncorrected misstatements has been attached as Appendix B.
7. Management 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 GVB and do not believe that the financial statements are materially misstated as a result of fraud.
8. We have no knowledge of any fraud or suspected fraud affecting GVB involving:
 - a. Management.
 - b. Employees who have significant roles in GVB's internal control over financial



reporting.

- c. Others, where the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting GVB's financial statements communicated by employees, former employees, analysts, regulators, or others.
 10. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.
 11. Significant assumptions used by us in making accounting estimates are reasonable.
 12. 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.
 13. We have adopted the provisions of GASB Codification Section 2100, *Defining the Financial Reporting GVB*. We believe that we have properly identified, reported, and classified each component unit of GVB and each organization that meets the criteria established in GASB Codification Section 2100.
 14. We believe that internal control over the receipt and recording of contributions is adequate.
 15. We have included in the financial statements all assets and liabilities under GVB's control.
 16. GVB has maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
 17. We believe that any reclassification between net asset (or net position) classes is correct.

Except where otherwise stated below, immaterial matters less than \$70,500 and \$9,100 in GVB and Special Tourist Attraction Fund Projects respectively, 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.

18. Except as listed in Appendix A, and Appendix B, there are no transactions that have not been properly recorded and reflected in the financial statements.
19. GVB has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
20. Regarding related parties:
 - a. We have disclosed to you the identity of GVB's related parties and all the related-party relationships and transactions of which we are aware.



- b. 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.
- 21. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is 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.
- 22. There are no:
 - a. Instances of identified or suspected noncompliance with laws or 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 and 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*, except as disclosed in Note 8 to the financial statements.
- 23. GVB 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.
- 24. GVB has complied with all aspects of contractual agreements that may affect the financial statements.
- 25. No department or agency of GVB has reported a material instance of noncompliance to us.
- 26. GVB has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
- 27. No events have occurred after September 30, 2017, but before April 11, 2018, the date the financial statements were issued that require consideration as adjustments to or disclosures in the financial statements.
- 28. 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 Section 2200, Comprehensive Annual Financial Report.
 - c. The methods of measurement and presentation of the supplementary information have changed from those used in the prior period and, the reasons for such changes are due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. As a result of adopting this standard, GVB has elected to restate its 2016 financial statements to reflect the adoption of this standard.
29. Regarding supplementary information:
- a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - c. The method of measurement and presentation of the supplementary information have not changed from those used in the prior period.
30. During the year ended September 30, 2017, GVB implemented the following pronouncements:
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The implementation of this statement had a material effect on the financial statements resulting in the restatement of GVB's 2016 financial statements to reflect the reporting of pension liabilities, deferred inflows of resources and deferred outflows of resources for ad hoc COLAs and supplemental annuity payments and the recognition of pension expense in accordance with the provisions of GASB Statement No. 73. The 2016 financial statements were also restated due to changes in actuarial assumptions and other inputs used to determine the pension liabilities, deferred inflows of resources and deferred outflows of resources for the qualified pension plan.



	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of October 1, 2015:			
Net position	\$ 15,779,482	\$ (250,063)	\$ 15,529,419
For the year ended September 30, 2016:			
Operating expense:			
Personnel	\$ 3,021,954	\$ 163,230	\$ 3,185,184
As of September 30, 2016:			
Deferred outflows of resources:			
Deferred outflows from pension	\$ 648,508	\$ 95,998	\$ 744,506
Net pension retirement liability	\$ 4,513,916	\$ 498,640	\$ 5,012,556
Deferred inflows of resources:			
Deferred inflows from pension	\$ -	\$ 10,651	\$ 10,651
Net position	\$ 17,794,057	\$ 413,294	\$ 17,380,764

- **GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB).
- **GASB Statement No. 77, *Tax Abatement Disclosures***, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements.
- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans***, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- **GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14***, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units.
- **GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73***, which addresses issues regarding



(1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Except for GASB Statement No. 73, the implementation of these statements did not have a material effect on the GVB's financial statements.

31. In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on an actuarial valuation dated October 1, 2015, the net OPEB obligation that GVB will record upon implementation of Statement 75 is anticipated to be \$3,964,054 as of September 30, 2017.
32. In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
33. In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
34. In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
35. In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions in Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement



will have a material effect on the financial statements.

36. In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.
37. In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.
38. Arrangement with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
39. GVB is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; error or 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, GVB management believes it is more economical to manage its risks internally. In the event of claim settlements and judgements, GVB reports all of its risk management activities in its operations fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these risks in any of the past three fiscal years.
40. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.
41. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by GVB has been discovered.
42. There are no control deficiencies in the design or operation of internal control over financial reporting that could adversely affect GVB's ability to initiate, record, process, and report financial information.
43. We are aware of the requirement to disclose to you any change in GVB's internal control over financial reporting that occurred during GVB's most recent fiscal year that has materially affected, or is reasonably like to materially affect, GVB's internal control over financial reporting. However, no such disclosure has been made as no change in GVB's internal control over financial reporting have occurred.
44. We have communicated with the marketing committees and are not unaware of any unreported in-kind contributions.



45. GVB is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
46. 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.
47. We represent to you that, subsequent to September 30, 2017, there are no changes in internal control or other factors that might significantly affect internal controls, including any corrective action taken by management with regard to reportable conditions (including material weaknesses).
48. GVB has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.
49. Money or similar assets handled by GVB on behalf of GovGuam have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.
50. GVB is involved in litigation, which is inherent to the operations of GVB. Management is of the opinion that liabilities of a material nature will not be realized.
51. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, Pensions Activities – Reporting for Benefits Provided through trusts that Meet Specified Criteria – Defined Benefit.



 Jon Nathan Denight, President & CEO



 Rose Q. Cunliffe, Controller



APPENDIX A

#	Description	Assets	Liabilities	Net Position	Income Statement
1)	To correct overstatement of accounts receivable	(28,693)			28,693
2)	To correct recording of in-kind donations				70,000
					(70,000)
		(28,693)	-	-	28,693

APPENDIX B

#	Description	Assets	Liabilities	Net Position	Income Statement
1)	To correct overstatement of net pension liability	-	233,528	-	(233,528)
		-	233,528	-	(233,528)

Guam Visitors Bureau
September 30, 2017
Summary of Corrected Misstatements

#	Name	Debit	Credit
1 AJE To restate opening net position for net pension liability			
100-1560	Deferred Outflows of Pension-Retirement	63,590	
100-1560.1	Deferred Outflows of Pension-DB COLA & SA	24,462	
100-1560.2	Deferred Outflows of Pension-DC COLA	7,946	
100-2222	Net Pension Liability-Retirement		219,540
100-2222.1	Net Pension Liability-DB COLA and SA		192,124
100-2222.2	Net Pension Liability-DC COLA		86,976
100-2223.1	Deferred Inflows of Pension-DB COLA & SA		420
100-2223.2	Deferred Inflows of Pension-DC COLA		10,231
100-3110	Net Assets - Unrestricted	250,063	
GASB68-3	Pension expense	163,230	
		<u>509,291</u>	<u>509,291</u>
2 AJE To update net pension liability for current year			
100-1560	Deferred Outflows of Pension-Retirement		151,592
100-1560.1	Deferred Outflows of Pension-DB COLA & SA		3,198
100-1560.2	Deferred Outflows of Pension-DC COLA	150,296	
100-2222	Net Pension Liability-Retirement		260,722
100-2222.1	Net Pension Liability-DB COLA and SA	694	
100-2222.2	Net Pension Liability-DC COLA		173,403
100-2223	Deferred Inflows of Pension-Retirement		42,575
100-2223.1	Deferred Inflows of Pension-DB COLA & SA	420	
100-2223.2	Deferred Inflows of Pension-DC COLA		694
GASB68-3	Pension expense	480,774	
		<u>632,184</u>	<u>632,184</u>