



2012 Guam Island Fair/ Liberation Day Committee Fund Financial Highlights

December 4, 2013

The 2012 Liberation Day Committee (LDC) Fund audit marks the third year that the annual Liberation activities was under the auspices and control of the Mayor's Council of Guam (MCOG). The LDC Fund ended calendar year (CY) 2012 with an unqualified opinion on its statement of cash deposits and disbursements. The MCOG is to be commended for achieving its first unqualified opinion in the three years they have had oversight over Liberation Day festivities. However, independent auditors Deloitte & Touche, LLP identified deficiencies similar to those identified in the LDC 2011 and 2010 audits.

In March 2013, the MCOG created and designated a new non-profit organization, the 2013 Guam Liberation Historical Society, to run the Liberation Day festivities beginning in 2013.

Liberation Day Deposits and Disbursements

Although deposits increased by 10% from 2011, this was not enough to off-set the 51% increase in disbursements. As a result, cash decreased by \$89 thousand (K) or 84% from \$106K to \$17K. Total 2012 LDC deposits amounted to \$597K, a \$54K or 10% increase from the 2011 deposits of \$543K. The top three 2012 receipts are made up of \$458K or 77% in concessions followed by \$120K or 20% in ticket sales, and \$18K or 3% in sponsorships. Ticket sales more than doubled from \$52K in 2011, or by 132%.

Total 2012 LDC disbursements amounted to \$686K, a \$231K or 51% increase from \$455K in 2011. The top five overall disbursements were for: materials and supplies (\$88K); commissions (\$88K); fireworks (\$55K); travel and accommodation (\$51K); and power and installation (\$41K). From the commissions of \$88K, \$38K was paid to the MCOG and \$50K was paid to Liberation Day Queen Candidates and sponsors. In addition, donations to RIGALU Foundation, a non-profit organization, amounted to \$39K.

Report on Compliance and on Internal Control and Management Letter

The same findings in the LDC 2011 and 2010 audits were again identified in the 2012 Report on Compliance and Internal Control. The material weakness continues to be the lack of formal accounting policies and the noncompliance with procurement procedures.

- **Accounting and Financial Reporting Policies and Procedures.** Financial statements were not prepared, a ledger was not maintained to account for receipts and disbursements throughout 2012, and a process of classifying and summarizing receipt and disbursement transactions was not in place. The auditors continue to recommend that the LDC obtain

the services of an experienced accountant who can assist in the recordkeeping and financial reporting processes.

- **Compliance with Applicable Procurement Regulations.** The auditors noted:
 - Twenty-four disbursements totaling \$56K were not supported by procurement documents, of which \$19K in travel and hotel accommodations were not supported by any price quotes; and
 - Four disbursements totaling \$40K involved the procurement of projects/goods/services of \$15K or more and were subject to competitive bidding, but the LDC used the small purchase procurement method.

A separate management letter was issued and identified seven deficiencies similar to the LDC 2011 audit, which identified nine. These included:

- Ticket count sheets and summaries not reconciled;
- Concessions receipts not reconciled to deposits;
- Three disbursements totaling \$16K not supported by invoices, billings, and other relevant documents, and four per diem disbursements totaling \$5K did not have travel documents;
- Non-issuance of Form-1099 for services paid in excess of \$600;
- Travel policies and procedures not established;
- Relevant documents supporting non-profit filing requirements with Revenue and Taxation not provided; and
- Minutes of meetings not provided except for the April 11, 2012 minutes.

For more details, you may view the reports in their entirety at our website at www.guamopa.org.