

**Liberation Day Committee  
Funds and Activities**

**Performance Audit  
2004 through 2009**

**OPA Report No. 10-09  
December 2010**



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December 2010**

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# Contents

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	<b>Page</b>
<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>4</b>
Background.....	4
<b>Results of Audit</b> .....	<b>6</b>
Lack of Accountability and Transparency.....	6
Lack of Continuity.....	9
LDC Oversight Needed.....	13
<b>Conclusion and Recommendations</b> .....	<b>14</b>
<b>Management Response and OPA Reply</b> .....	<b>15</b>
<b>Appendices:</b>	
1. Classification of Monetary Amounts.....	16
2. Scope and Methodology .....	17
3. Prior Audit Coverage .....	18
4. OPA Report No. 03-04 Recommendations .....	19
5. Tax Exemption Application Procedures .....	21
6. 2008 Executive Order .....	23
7. 2007 LDC Recommendations.....	25
8. 2009 LDC Bank Statement Summary.....	27
9. 2008 LDC Bank Statement Summary.....	29
10. 2007 LDC Bank Statement Summary.....	30
11. 2006 LDC Bank Statement Summary.....	31
12. 2005 & 2004 LDC Bank Statement Summaries .....	32
13. 2008 Financial Statements .....	33
14. 2005 Financial Statements .....	34
15. 2004 Financial Statements .....	36
16. Estimate of Revenues, Expenses and Net Proceeds.....	38
17. MCOG Management Response .....	39



## **EXECUTIVE SUMMARY**

### Liberation Day Committee Funds and Activities

Report No. 10-09, December 2010

For the past six years, from 2004 to 2009, the Guam Island Fair Committee, better known as the Liberation Day Committee (LDC), was not held accountable for the funds raised during the annual Liberation Day festivities. Since committee membership is subject to change annually, each LDC is distinct from its predecessor. Without oversight and continuity, the LDCs were lax about accountability and transparency. We found no evidence that proper financial reports were prepared and submitted to any oversight body. Thus, our review was hampered by incomplete and missing financial records. The lack of oversight has allowed for poor record-keeping, negligence regarding tax-exempt filing requirements, and failure to comply with orders to establish a special textbook fund.

Since OPA Report No. 03-04, Liberation Day Committee Funds and Activities, accountability among the LDCs has not changed substantially. The LDCs remain without oversight and are not held responsible for reporting their activities or the funds they raised. The lack of continuity from one committee to the next deprives the members of institutional knowledge. Although the 2003 LDC implemented our audit recommendations, those internal controls were not passed on and subsequent LDCs repeated the deficiencies and ended with questioned costs of \$2 million (M) due to lack of supporting invoices and documentation, and unsubstantiated revenues of \$1.6M.

Accountability is the cornerstone of all financial reporting. Transparency is the means to achieve accountability. In not being accountable to higher authority, the LDCs were lax about recordkeeping and cash management; fell short of their fiduciary duty to file tax returns and protect their tax-exempt status; and they neglected to at least make known the Liberation Day Textbook Fund.

#### ***Lack of Financial Statements***

No evidence of financial statements was found for 2006, 2007, and 2009. Only the LDCs of 2004, 2005, and 2008 yielded enough financial information to allow us to determine their financial position at year end. Inconsistent accounting and unreasonable balances, however, cast doubt on the accuracy of the data. The LDCs of 2004 and 2005, for instance, reported losses of \$57,135 and \$105,264, respectively, reporting on an accrual basis. The 2008 LDC's financial statements, which appeared to have been prepared on a cash basis, indicated the committee ended with exactly \$5,000. Missing, incomplete or inaccurate records and supporting documents made these figures not auditable. As of the date of this report the Mayors' Council of Guam (MCOG) has yet to provide an accounting of the 2010 LDC.

#### ***Lack of Compliance with Non-Profit Filing Requirements***

Under federal and local laws, tax-exempt entities that fail to file returns (Form 990) for three consecutive years automatically lose their tax-exempt status and are subject to income and gross receipts taxes. Donations and contributions to them would not be tax deductible. We found no

evidence that LDC returns were filed for 1995 through 1997. Thus, succeeding LDCs may not have had tax-exempt status. The LDC of 2004 filed a return, but the LDCs of 2005 through 2009 did not.

### ***Liberation Day Textbook Fund not Established***

By annual Executive Orders since 2004, 50% of the net proceeds should go to the Liberation Day Textbook Fund, but the Fund was never established and no deposits were ever made. As late as October 2010, neither the Department of Education nor the Department of Administration was aware of such a fund. According to past LDC chairpersons, no donations were made either because their year ended with a deficit or with only enough for start-up costs for the next LDC.

### ***Lack of Continuity***

The LDC of 2003 implemented the recommendations for effective financial accounting contained in OPA Report No. 03-04, but succeeding committees did not maintain them. The chairman of the 2009 LDC did not know about the 2003 improvements and said incoming LDCs simply rely on whatever the outgoing committee leaves behind. Instead of improving, the LDCs of 2004 through 2009 were susceptible to the deficiencies cited in OPA Report No. 03-04. Many of those deficiencies stem from the lack of internal controls over recordkeeping, cash receipts, disbursements, and bank reconciliations, as follows:

- Recordkeeping: Each LDC's records were not easily accessible, organized, or complete.
- Cash receipts: Cash receipts were not accurately recorded and deposit documentation was missing, leaving \$1.6M in question.
- Disbursements: 15 checks, amounting to \$27,797, lacked dual signatures. Dual signatures help prevent disbursement errors, omissions, or abuse. We found that 170 vendors and individuals were not issued a Form 1099-MISC for the total of \$963,666 paid to them, increasing the likelihood that this income would go untaxed. Cash disbursement questioned costs amounted to \$2M.
- Bank reconciliations: No LDC consistently conducted bank reconciliations or maintained complete bank statements.

Due to the lack of disbursement controls, the 2009 LDC alone had questioned costs of \$344,343. The deficiencies noted include:

- Three checks totaling \$6,661 were made out to "Cash", without supporting invoices and were purportedly for the following:
  - \$4,163 for the reimbursement of tickets and lunch meeting;
  - \$1,650 for per diem of two committee members (signed by the members themselves); and
  - \$848 for travel reimbursement.
- A review of the check register revealed that a check for \$3,000 was written for four committee members for per diem at \$750 each. Three of the four members were authorized signatories of the account. According to the chairman, the members went to the Philippines to purchase materials and other supplies at lesser cost. We found no receipts to substantiate the cost benefit of the trip.

## **Recommendations**

We recommend the Legislature amend the laws regarding Liberation Day activities to require that: (1) all proceeds be duly and accurately recorded and reported to the Legislature, the Governor and/or appointing authority within 120 days of the close of the Liberation Day Carnival; (2) designate the Department of Administration (DOA) to perform the accounting functions of LDC; (3) records be maintained in connection with the Liberation Day activities and submitted to DOA; and (4) revenues derived from the Liberation Day festivities and activities be subjected to an annual audit.

As each LDC operates independently, we recommend that future LDCs comply with tax reporting and filing requirements to legally operate as tax-exempt entities. With better operating and accounting procedures and prudent financial management, the LDCs could well enhance revenues and better control expenditures. With keen oversight and monitoring, the LDCs may be more practical in donating to “worthy public causes,” such as the Textbook Fund, which exists for the sole purpose of purchasing books for Guam’s school children.

On December 22, 2010, OPA met with officials from the MCOG to discuss the findings and recommendations of our audit. Both the Executive Director and the President generally concurred with the findings and recommendations and provided their official response on December 28, 2010. See Appendix 17 for MCOG’s management response.

Senseramente,



Doris Flores Brooks, CPA, CGFM  
Public Auditor



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# Introduction

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In the interest of promoting accountability and transparency among government officials and their undertakings, the Office of Public Accountability audited the Guam Island Fair Committee (better known as the Liberation Day Committee [LDC]) Funds and Activities for 2001 and 2002 and issued OPA Report No. 03-04 in May 2003. This report presents the results of our follow-up audit of the LDC from 2004 through 2009. Our objectives were to:

- Evaluate the accountability and transparency of the LDC funds and activities; and
- Determine the effectiveness of the corrective actions taken by the 2003 LDC.

The audit scope, methodology, and prior audit coverage are detailed in Appendices 2 and 3.

## Background

Liberation Day, July 21, is the official government of Guam holiday marking the anniversary of Guam's deliverance from Japanese occupation in 1944 and the inauguration of civil government in 1950. Title 1, Section 1012 of the Guam Code Annotated (G.C.A.) combines the observance of Independence Day, July 4, and Liberation Day into a month-long celebration with memorials, tributes, a parade and carnival, and the crowning of a Liberation Day Queen. These activities are sponsored, planned, and arranged by the Liberation Day Committee. The Governor can either appoint a committee or designate a civic organization to administer these tasks.

1 G.C.A. section 1013.1 allows the Mayors' Council to appoint the committee in the event the carnival is held somewhere other than the Hagåtña Paseo grounds. The committee should be composed of members of patriotic, religious, and/or civic organizations. Each LDC is a non-profit entity, separate from its predecessors and not liable for previous committee debts or obligations. If funds are available, the current chair could choose to retire old debts. During the period of our review, the Liberation Day Carnival was held at the Paseo and the Governor appointed LDC members from various government agencies.

### **Guam Island Fair / Liberation Day Activities**

Liberation Day festivities feature a parade and carnival, fireworks, a raffle, and the crowning of a queen, as well as several commemorative ceremonies at historic sites. The parade starts at Adelup and ends at the Paseo and draws thousands to both sides of Marine Corps Drive. The carnival features booths for trinkets, foods, beverages, and games of chance for which concessionaires bid and pay fees. Gambling activities, such as bingo, color game and beto-beto, are authorized by special permits from Revenue and Taxation. The young ladies vying for queen sell raffle tickets; the candidate who sells the most tickets and turns in the most cash wins the crown.

Liberation celebration activities generate respectable revenue. The major money-makers are the carnival concessions and the queen's contest and raffle. The proceeds are to benefit charitable causes and the LDC decides the recipients. By Executive Order since 2004, the Governor ordered half the proceeds to be placed in a "Liberation Day Textbook Fund," solely for purchasing school books. The fund was contained in subsequent orders establishing the new LDC and outlining its traditional duties and responsibilities. See Appendix 6 for a sample of the annual Executive Orders. No order was issued in 2009.

### ***Carnival Concessionaires***

Concessionaires who wish to operate booths at the carnival compete for the opportunity. Bid packets contain information on minimum bid amounts, types of concessions available, utility and clean-up costs, documentation requirements, and payment due dates. Based on the 2009 Concessions Bid Packet Rules and Regulations, prospective bidders must submit a 20% non-refundable deposit with their bids. Only one bid per application is allowed and late bids are not accepted. Awards for each concession type are made to the highest bidders. Only non-profit organizations are allowed to conduct alcohol sales and gambling activities. The operation of such concessions is limited to organization members who must not be compensated for their work. By law, the net proceeds from carnival gambling must be used exclusively for the non-profit organization's stated objectives.

### ***Liberation Day Queen Contest***

Liberation Day Queen candidates must be sponsored by a non-profit organization. After selling or purchasing a minimum of \$500 in raffle tickets, the candidates, their sponsors, and the LDC receive a portion of every ticket sold thereafter. According to the 2009 LDC rules and regulations, the candidates and their sponsors each get 25% and the LDC gets the remaining 50%. The candidate who turns in the highest amount of cash becomes Liberation Day Queen. The runner-up becomes Royal Princess and the other candidates become members of the Royal Court.

The Queen's Committee, a subcommittee of the LDC, conducts and controls all aspects of the Liberation Day Queen contest – from recruiting candidates and sponsors, organizing and soliciting prizes for the raffle, conducting the raffle, and staging the coronation ceremony, which usually takes place with much fanfare on the carnival grounds.



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# Results of Audit

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Since the 2003 audit, accountability among the LDCs has not changed substantially. The LDCs remain without oversight and not held responsible for reporting their activities or the funds they raised. The lack of continuity from one committee to the next deprives the members of institutional knowledge. Although the 2003 LDC implemented our audit recommendations, those internal controls were not passed on and subsequent LDCs repeated the deficiencies and ended with questioned costs of \$2 million (M) due to lack of supporting invoices and documentation, and unsubstantiated revenues of \$1.6M. Specifically, we found that the 2004 through 2009 LDCs did not:

- Prepare financial statements consistently;
- Comply with tax-exempt filing requirements;
- Donate any proceeds to the Liberation Day Textbook Fund; or
- Operate with an effective financial accounting system.

## **Lack of Accountability and Transparency**

Accountability is the cornerstone of all financial reporting. Transparency is the means to achieve accountability. In not being accountable to higher authority, the LDCs were lax about recordkeeping and cash management; fell short of their fiduciary duty to file tax returns and protect their tax-exempt status; and they neglected to at least make known the Liberation Day Textbook Fund.

### **Lack of Financial Statements**

We found no evidence of financial statements for 2006, 2007, and 2009. Although, the LDCs of 2004, 2005, and 2008 prepared financial statements to allow us to determine their financial position at year's end, securing them took an inordinate amount of time. We had to seek out every chairperson from 2004 to 2009, to locate the records. The chairs of 2004 and 2005 said their records were at the Governor's Office, but we could not locate any. We did find the 2004 financial statements at the Department of Revenue and Taxation (DRT); they were the only ones on file. We found the 2005 financial statements with the 2006 records obtained from that LDC's Chairman. The 2008 financial statements were obtained from that LDC's finance chairperson.

The figures in these statements were suspect because the accounting was inconsistent or not reasonable. The 2004 and 2005 committees reported losses of \$57,135 and \$105,264, respectively, reporting on an accrual basis.<sup>1</sup> The 2008 financial statements appeared to have been prepared on a cash basis<sup>2</sup> and indicated the committee ended with exactly \$5,000. See Table 1 for a summary of the revenues and expenditures for these committees. See Appendices

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<sup>1</sup> Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

<sup>2</sup> Under the cash basis of accounting revenues are recognized when cash is received and expenses are recognized when cash is paid.

13 through 15 for details. We could not verify the amounts in the statements because much of the necessary information was missing, incomplete, or inaccurate.

**Table 1: Financial Statement Summary**

Year	Revenues	Expenses	Net Proceeds
2008	\$ 304,303.85	\$ 299,303.85	\$ 5,000.00
2005	\$ 295,067.87	\$ 400,332.34	\$ (105,264.47)
2004	\$ 383,717.00	\$ 440,852.26	\$ (57,135.26)

Consistency is an accounting principle that strengthens the reliability and comparability of financial statements. In addition, consistency prevents convenient manipulation of income reports or financial conditions. In comparing the financial statistics of the LDCs, we could not make sound conclusions because of the inconsistency among them, nor could we evaluate the trend of each LDC's performance.

Due to the lack of financial statements for 2006, 2007, and 2009, we could only estimate the revenues and expenditures based on the activity of their bank accounts. There were missing statements for each of the years, but we were able to verify deposits and withdrawals for 2006 and 2007 from deposit and check registers they maintained. We made several attempts to obtain the 2009 missing statements for the Liberation Queen Raffle Account, but as of this report date, we have not received the statements from August 2009 to January 2010. Based on a review of an incomplete check register, at least \$102,546 was expended from this account during those months. See table 2 below.

**Table 2: Bank Statement Summary**

Year	Deposits	Disbursements	Balance
2009	\$ 374,002.87	\$ 261,197.42	\$ 112,805.45
2007	\$ 236,633.06	\$ 226,725.13	\$ 9,907.93
2006	\$ 147,943.73	\$ 104,737.55	\$ 43,206.18

As of the issuance of this report the Mayors' Council of Guam (MCOG) has yet to provide financial statements for 2010 activities.<sup>3</sup>

### **Lack of Compliance with Non-Profit Filing Requirements**

According to DRT, non-profit organizations must register with the General Licensing Branch. Once deemed tax-exempt, non-profit organizations are subject to filing requirements as follows:

- Form 990 – Return of Organization Exempt from Income Tax. This form is due by the 15th day of the 5th month after the accounting period ends. If gross receipts are consistently below \$25,000, the organization need not file;
- Form FCN 2-2-111 – Annual Information Return for Tax Exempt Persons. This form is due no later than 90 days following the organization's tax year, regardless of annual gross receipts amounts;
- Annual Report Publication - Non-profit organizations are required by law to annually publish in a newspaper of general circulation a financial report to include income and

<sup>3</sup> The 2010 Liberation Day Carnival was sponsored by the Mayors' Council of Guam.

expenditures for the preceding year and a balance sheet of assets and liabilities. The report must be appear within 45 days of the close of the fiscal year and a published copy must be submitted to DRT;<sup>4</sup>

- Specific Event – Exemption Application for Business Privilege Tax (GRT). This form must be filed before the event for which exemption is sought; and
- Form FCN 2-2-136 – Ticket Registration Form. This form must be submitted for every raffle event. First and last tickets and printer’s certification of the number of tickets printed must accompany the form.

See Appendix 5 for the Tax Exemption Application Procedures.

Based on the revenues listed in tables 1 and 2, Form 990 should have been filed annually. The penalty for failing to file is \$20 per day, or not exceeding \$10,000 or 5% of the organization’s gross receipts for the year.

DRT confirmed that the LDCs under review failed to comply with tax-exempt non-profit filing requirements. Only the 2004 LDC filed an annual return. By then, however, it appears that the LDCs were no longer tax exempt because we did not find evidence that LDC returns were filed for 1995 through 1997. Under federal and local laws, tax-exempt entities that fail to file returns (Form 990) for three consecutive years automatically lose their tax-exempt status and are subject to income and gross receipts taxes. In addition, donations and contributions to them would not be tax deductible. From the financial records available for review, we identified sponsorships or donations amounting to \$10,947 which may not have been tax deductible. We also estimated the LDCs of 2004 through 2009 took in revenues of at least \$1.9M, on which gross receipts taxes may be owed.

According to tax records the LDC first acquired tax-exempt status in 1975. In 1993, the tax director at that time notified the LDC that tax-exempt status was in jeopardy. It appears filing requirements were met as the tax-exemption for a specific event was approved. Tax-exemption for specific events were subsequently submitted and approved in 1994, 1998, 2003, and 2004. We questioned how a specific event exemption was approved in 1998 with no record of filing for the years 1995, 1996, and 1997. DRT personnel stated that an oversight may have occurred and the exemption should not have been allowed, unless a new application for tax-exempt status was approved. We found no evidence of a new application or approval. As a result, we recommend that future LDCs coordinate with DRT to comply with tax reporting and filing requirements to legally operate as tax-exempt entities.

### **Liberation Day Textbook Fund Has Not Been Established**

The Governor’s Executive Orders annually since 2004 required 50% of all net proceeds to be donated to the Liberation Day Textbook Fund, but to date, no donations have been made. Past LDC Chairpersons explained that donations were not made because they ended their year either with a deficit or with only enough seed money for the following LDC. As of October 2010, neither the Department of Education nor the Department of Administration was aware of such a fund, which suggests that no oversight or monitoring of the fund has occurred.

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<sup>4</sup> This requirement is pursuant to 18 G.C.A. §14102.

## **Lack of Continuity**

Membership turnover has inhibited each LDC's ability to improve upon the accountability and transparency of the Liberation Day funds and activities. While few would fault every LDC's effort to conduct a successful celebration, their financial responsibilities are equally important. The 2007 LDC chairman said the committee drafted recommendations to improve planning and organizing activities for Liberation Day 2008, but he did not know whether his successor heeded the recommendations, which included ways to improve the profit margin. As of the issue date of this report, we have not received the drafted recommendations.

In April, we gave the 2009 LDC Chairman a copy of OPA Report No. 03-04. We found that although the recommendations made in that report were implemented and addressed by the 2003 LDC, succeeding committees did not maintain them. As such these committees were susceptible to the deficiencies cited in our previous audit, which stemmed from a lack of controls. The chairman of the 2009 LDC did not know about the 2003 improvements and said incoming LDCs simply rely on whatever the outgoing committee leaves behind. OPA Report No. 03-04 recommendations included the development of procedures involving the following:

- Contract an annual independent audit;
- Implement financial reporting procedures (budgets of allowable costs, summary reports, and bank reconciliations, etc.);
- Initiate an accounting protocol for revenue (segregation of duties, receiving, documentation, depositing, reconciliation, etc.);
- Initiate a protocol for check disbursements (authorizations, dual signatures, pre-numbered and pre-printed checks, adequate supporting documentation, prohibit checks payable to "cash," etc.);
- Adopt a procurement policy for soliciting goods and services;
- Utilize accounting software (like QuickBooks) to ensure accountability and report preparation; and
- Record fixed assets.

## **Ineffective Financial Accounting System**

Many of the LDCs accounting deficiencies are the result of ineffective procedures and inadequate controls over recordkeeping, cash receipts and disbursements, and bank reconciliation. Frequent organizational changes that affect each LDC require the implementation and institutionalization of internal controls to foster an effective financial accounting system.

### ***Insufficient Record Keeping***

We did not find evidence of a formal record-keeping process for 2004 through 2009, thus files were disorganized and incomplete and not helpful in giving us an understanding of the history of the activities for each committee. We reviewed the files to obtain meeting minutes to ascertain discussions of the Liberation Day activities and financial decisions made by the committee members; however, detailed minutes were not consistently maintained by each committee.

### ***Lack of Controls Over Cash Receipts***

Many Liberation Day activities and events involve numerous cash transactions. The importance of adequate controls over the receipt, collection, recording, and identification of such vast

amounts of money cannot be overemphasized. Yet, we found no written procedures or guidelines for handling cash among the LDCs under review. Instead we found the following deficiencies, resulting in \$1.6M of unsubstantiated revenues. Due to the incomplete financial records, LDC revenues could possibly higher.

### **2009 LDC**

Based on bank deposits, we estimated revenues of at least \$373,000. Due to incomplete financial documents, the risk of unrecorded cash transactions, undetected errors, misuse of cash, and money not deposited is high. For example, we did not receive any documentation as to the number of raffle ticket booklets printed, distributed, sold, and returned. Additionally, there were no copies of deposit slips, sequentially numbered receipts, unsold raffle ticket booklets, or cash receipt logs. Without receipt records, determining the nature of the cash transactions and whether all cash received was deposited in a timely manner was difficult. The financial impact due to cash receipt control deficiencies amounted to \$373,457.

### **2008 LDC**

The bank receipts for 2008 were incomplete. We were unable to determine cash collections and deposits, especially for carnival bids.

- The LDC did not maintain a register of deposit dates and cash sources.
- We could not confirm whether all ticket money from 10 of the Queen candidates and 19 of the Little Miss Liberation candidates were deposited.
- We could not verify the completeness or accuracy of the revenues collected because no chronological receipts were issued for the cash or checks received.

The financial impact identified amounted to \$296,610.

### **2007 LDC**

The 2007 LDC maintained complete deposit receipts, but not all deposits were supported with copies of checks or cash logs which would have allowed us to verify the nature of funds collected.

- The LDC did not consistently issue receipts for the money received.
- We could not match the raffle ticket numbers to the cash amounts collected by each candidate.
- We were unable to determine whether \$258,058 were deposited in a timely manner due to missing documentation.
- In addition, we found instances in which \$3,050 in queen donations and \$5,000 in advertising fees took almost a month to deposit and \$7,091 in parade fees were deposited nearly two months after being collected.

Such delays provide opportunities for cash to be lost, misused, or stolen. As a result of the deficiencies in cash receipts, \$159,018 is in question.

## **2006 LDC**

The 2006 LDC did not consistently maintain the supporting documents, such as copies of deposit slips and checks, for their deposits.

- We could not identify when, from whom, or for what purpose cash was received (i.e., Carnival bids, Parade fees, and Liberation Queen Contest). The LDC only attached a cash count of the funds with each deposit.
- Although we found that a numerical receipt book was maintained chronologically for cash received, receipts were mainly issued for carnival bids.
- For the queen contest collections, we could not identify the raffle ticket numbers sold nor could we find any record of how many raffle tickets were printed and unsold.
- In terms of timely cash deposits, we found a check for \$2,000 from the Department of Administration for a sole-source advertisement. The check was dated August 25, 2006, but not deposited until October 20, 2006.
- We also found that the deposit for the remaining cash from carnival fees was not made until five months after the end of the carnival. Specifically, \$1,915 was registered as being collected on January 24, 2007. From this, two refunds totaling \$1,081 were made to individuals, leaving a balance of \$835. The actual deposit was \$885, reflecting a difference of \$50.

The use of undeposited cash to pay expenses does not provide full accountability of the total funds collected and disbursed. All cash should be deposited intact to ensure total accountability and to preserve an audit trail. We identified \$89,647 in unsubstantiated revenues resulting from the 2006 cash receipts deficiencies.

No records were available to support the accuracy or completeness of the \$383,717 in revenues reported on the financial statement for 2004 or the \$295,068 reported for 2005.

### ***Lack of Controls Over Cash Disbursements***

Internal controls for cash disbursements should be established to ensure that cash is disbursed only for valid purposes with proper authorization and supporting documentation. Cash disbursements should be recorded and evidenced by checks or some other documented form of payment. The use of checks provides control to account for disbursement transactions in chronological order and to determine where and for what reasons funds were disbursed.

## **2009 LDC**

Though bank statements indicated withdrawals of \$261,197, we estimated that the 2009 LDC had expenditures of at least \$359,365. However, of this amount, \$344,343 is in question due to the lack of disbursement controls. For example, the check register provided for review was incomplete and no supporting documents were provided for the disbursements. Three checks totaling \$6,661 were made out to "Cash", without supporting invoices and were purportedly for the following:

- \$4,163 for the reimbursement of tickets and lunch meeting;
- \$1,650 for per diem of two committee members (signed by the members themselves); and
- \$848 for travel reimbursement.

A review of the check register revealed that a check for \$3,000 was written for four committee members for per diem at \$750 each. Three of the four members were authorized signatories of the account. According to the 2009 LDC chairman, the members went to the Philippines to purchase materials and other supplies at a lesser cost. We found no receipts to substantiate the cost benefit of the trip.

We commend the LDC's use of dual signatures, but check signers should not be check recipients to prevent the opportunity for individuals to misappropriate funds.

### **2008 LDC**

Among the 2008 LDC's records, 126 copies of checks were missing; therefore, we could not verify when the disbursements were made, the payees, and the reason for the disbursement as recorded in their QuickBooks. The 2008 and 2005 LDCs were the only ones to utilize accounting software, albeit accounting of disbursements was incomplete. We found the following:

- Four checks were unaccounted for in the 2008 committee's numerical check listing in their QuickBooks;
- Most disbursements were not supported by invoices. In one instance, a check for \$75, written to "Cash" was supposedly to establish a petty cash fund, however, we found no petty cash receipts.

These and other disbursement control deficiencies resulted in questioned costs of \$311,695.

### **2007 LDC**

Cash disbursements were not consistently supported by invoices or receipts for proof of purchase. The LDC did not maintain a voucher system to document the recipients' receipt of disbursements. Additional evidence of internal control deficiencies are as follows:

- A check for \$350 written to "Cash" was used to purchase food for an appreciation party. No receipts or invoices validated the transaction.
- Checks were not utilized in numerical order; therefore, we could not ascertain whether all checks were accounted for.
- Seven checks amounting to \$7,662 were not recorded in the Excel check register. We could not determine if the missing checks were made a part of any reporting.
- A check for \$4,000 and another for \$1,000 were issued with only one signature.

Questioned costs for 2007 amounted to \$234,062.

### **2006 LDC**

Again, the lack of basic internal controls allowed for questioned costs of \$246,536 and the following deficiencies:

- Most cash disbursements were not supported by invoices.
- Copies of checks were not maintained to verify the transactions that were recorded in the check register.
- Checks were not used in numerical or chronological order. The committee would have had difficulty identifying outstanding or fraudulently used missing checks. The LDC used three different series of checks; based on what was in the boxes, they were Check Nos. 101 to 124; 2001 to 2050; and 2101 to 2141.

- Eight checks totaling \$2,648 were written to “Cash” and nine others, totaling \$22,361, did not have two signatures.
- A check for \$5,000 was written to a vendor for materials for the Queen’s Float. Invoices totaled only \$4,368. The \$632 difference was unaccounted for.

The 2004 and 2005 did not have records to support any of the expenses reported on their financial statements, which was \$440,852 and \$400,332, respectively.

In addition to the deficiencies listed, we found no evidence that the LDCs of 2004 through 2009 filed annual returns (Form 1099). From the cash disbursements available for review, vendors and individuals paid in excess of \$600 for entertainment, parade, Queen's Committee, and security expenses from 2006 through 2009 may not have been issued Form 1099-MISC, Miscellaneous Income as follows:

- 2006: 42 vendors and individuals totaling \$229, 285, ranging from \$600 to \$23,000;
- 2007: 30 vendors and individuals totaling \$211,674, ranging from \$893 to \$50,000;
- 2008: 49 vendors and individuals totaling \$293,927, ranging from \$654 to \$55,000; and
- 2009: 49 vendors and individuals totaling \$228,780, ranging from \$624 to \$25,000.

***Lack of Bank Reconciliations***

When bank reconciliations are not consistently and properly performed, accountability is diminished and the risk for errors and irregularities increases. Although not complete, bank reconciliations were only performed by the 2008 LDC. There was no evidence that other LDCs prepared bank reconciliations. The lack of complete and accessible bank statements is evidence that the LDCs did not regularly monitor or perform reconciliations. See Appendices 8 through 12 for details of missing bank statements.

**LDC Oversight Needed**

The deficiencies noted in this report illustrate the lack of continuity, accountability, and transparency over LDC funds. With better operating and accounting procedures and prudent financial management, the LDCs could well enhance revenues and better control expenditures. Additionally, keen oversight and monitoring is needed so that the LDCs may be more practical in donating to “worthy public causes,” such as the Textbook Fund, which exists for the sole purpose of purchasing books for Guam’s school children.

Given that each LDC is appointed by the Governor and that DOA Division of Accounts serves as the central accounting office of the government of Guam, they are in a better position to assist LDCs in performing the accounting and reporting of Liberation Day proceeds. Designating DOA to conduct these functions will provide stability, continuity, accountability and transparency of LDC funds. However, informal discussions with the DOA Internal Auditor indicated that with LDC being a non-profit organization they have no authority unless designated by law.

In September 2010, a senator from the 30<sup>th</sup> Legislature introduced Bill No. 457-30, which transfers the appointing authority of the LDC to the Mayor’s Council of Guam. As of the date of this report, the bill is pending passage.



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## Conclusion and Recommendations

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The recommendations in OPA Report No. 03-04 to improve accountability and internal controls over Liberation Day revenues remain valid. We commend the effort of the 2003 LDC to implement the report recommendations and challenge the next LDC to do the same. With the annually changing membership of the LDCs and the nature of each LDC as independent temporary bodies, the need to institutionalize some basic internal controls is more than evident. Along with the celebratory duties and responsibilities, LDCs should be bestowed with clearly defined administrative functions and fiduciary obligations.

We therefore recommend that the Legislature amend the laws related to the Liberation Day festivities and activities to require that:

- 1) The reporting of the proceeds be provided to the Legislature and the Governor within 120 days of the close of the Guam Island Fair/ Liberation Day Carnival;
- 2) DOA be designated to provide accounting and related services for the LDC;
- 3) Records be maintained in connection with the Liberation Day activities and submitted to the Department of Administration, and
- 4) The revenues derived from Liberation Day festivities and activities are audited periodically.

We also recommend that future LDCs comply with tax reporting and filing requirements to legally operate as a tax-exempt non-profit entity.

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# Management Response and OPA Reply

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On December 17, 2010, a final draft report was transmitted to the President and the Executive Director of the Mayors' Council of Guam (MCOG) for their official response. MCOG was appointed as the 2009 and 2010 LDC. On December 22, 2010, OPA met with these officials to discuss the findings and recommendations of our audit. Both the Executive Director and the President generally concurred with the findings and recommendations and provided their official response on December 28, 2010. See Appendix 17 for MCOG's management response.

The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendations, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. We will be contacting the 2010 Liberation Day Committee to provide the target date and title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation given to us by the 2004 through 2009 Liberation Day Committees.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM  
Public Auditor

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**Appendix 1:**  
**Classification of Monetary Amounts**

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	<b>Finding Area</b>	<b>Questioned Costs<sup>5</sup></b>	<b>Other Financial Impact<sup>6</sup></b>
<b>1</b>	<b>Lack of Accountability and Transparency</b>		
	Lack of Financial Statements	\$ -	\$ -
	Lack of Compliance with Non-Profit Filing Requirements	\$ -	\$ -
	Liberation Day Textbook Fund Has Not Been Established	\$ -	\$ -
<b>2</b>	<b>Lack of Continuity</b>		
	Ineffective Financial Accounting System		
	▶ Insufficient Record Keeping	\$ -	\$ -
	▶ Lack of Controls Over Cash Receipts		
	- 2009 LDC	\$ -	\$ 373,457
	- 2008 LDC	\$ -	\$ 296,610
	- 2007 LDC	\$ -	\$ 159,018
	- 2006 LDC	\$ -	\$ 89,647
	- 2005 LDC	\$ -	\$ 295,068
	- 2004 LDC	\$ -	\$ 383,717
	Subtotal	\$ -	\$ 1,597,517
	▶ Lack of Controls Over Cash Disbursements		
	- 2009 LDC	\$ 344,343	\$ -
	- 2008 LDC	\$ 311,695	\$ -
	- 2007 LDC	\$ 234,062	\$ -
	- 2006 LDC	\$ 246,536	\$ -
	- 2005 LDC	\$ 400,332	\$ -
	- 2004 LDC	\$ 440,852	\$ -
	Subtotal	\$ 1,977,821	\$ -
	▶ Lack of Bank Reconciliations	\$ -	\$ -
	<b>Totals</b>	<b>\$ 1,977,821</b>	<b>\$ 1,597,517</b>

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<sup>5</sup> Questioned costs represent unsupported disbursements and other cost exceptions due to: (1) the non-issuance of Form 1099-MISC to vendors or individuals who have been paid at least \$600 or (2) inappropriate expenditures resulting from the lack of controls over cash disbursements.

<sup>6</sup> Other financial impacts include cash receipts in which the nature, timing, or accuracy of amounts could not be verified due to missing documentation or amounts that were not accounted for by the LDC.

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**Appendix 2:****Scope and Methodology**

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Our audit objectives were to evaluate the accountability and transparency of the Liberation Day Committee (LDC) funds and activities and determine the effectiveness of the corrective actions taken by the 2003 LDC. The audit scope included the review of applicable government of Guam laws, rules and regulations, policies, prior audit findings, and relevant documents between April 1, 2004 and March 31, 2010. We also interviewed pertinent committee members of the LDCs.

Although the 2004, 2005 and 2008 LDCs prepared financial statements, we could not verify the accuracy of the amounts as the records were missing, incomplete or inaccurate, rendering them unauditible.

We conducted this performance audit in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. These standards require that we plan our audit objectives and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

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**Appendix 3:****Prior Audit Coverage**

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**OPA Report No. 03-04**

We were able to identify one prior audit work concerning Liberation Day Activities. In January 2003, OPA initiated an investigative audit into the funds and activities of Liberation Day in response to concerns and complaints. The audit scope encompassed the funds, transactions, and activities of Liberation Day Festivities for the period 2001 and 2002. OPA Report No. 03-04, Liberation Day Committee Funds and Activities Investigative Audit was issued in May 2003.

The audit found discrepancies between the funds contributed by the LDC to People Helping People (PHP) and the contributions reported by the organization to DRT of \$425 thousand (K) for 2000 and 2001. There were also discrepancies between amounts reported by the 2001 LDC to DRT with receipts underreported by \$484K and disbursements underreported by \$172K. DRT did not have any record of the organization, Manenggon Memorial Foundation, which received a \$10K check from the Committee, and cashed by the person claiming to be the president of the Foundation. The Committee did not follow its own procedures in the awarding of concession contracts and there were questionable raffle ticket activities by sponsoring organizations. Controls over cash transactions were inadequate. See Appendix 4 for recommendations made to the committee.

	Recommendation	Addressee
1	<p>Establish formal policies and procedures for overall Liberation Day activities in addition to the various sub-committees. These procedures should include:</p> <ul style="list-style-type: none"> <li>a. An annual audit conducted by independent auditors;</li> <li>b. Financial reporting procedures to include budgets of allowable costs, summary reports, and bank reconciliations, etc;</li> <li>c. Protocol for the accounting of revenue (segregation of duties, receiving, documentation, depositing, reconciliation, etc.);</li> <li>d. Protocol for check disbursements (authorization, dual signatures, pre-numbered and pre-printed checks, adequate supporting documentation, no checks payable to “cash,” etc.);</li> <li>e. Procurement policy for the solicitation of goods and services;</li> <li>f. Continued utilization of accounting software (or QuickBooks) to ensure proper accountability of all activities and report preparation; and</li> <li>g. Recording of fixed assets.</li> </ul>	LDC
2	<p>Request future beneficiaries of Liberation Day net proceeds to furnish a copy of their financial statements filed with DRT and a report of the uses of such funds to ensure donated funds are for worthy causes. The financial statements should be publicized in a newspaper of general circulation within 45 days of the close of the year end.</p>	LDC
3	<p>Regarding disbursements:</p> <ul style="list-style-type: none"> <li>a. Disbursements to sponsors for proceeds of raffle sales should be made payable to the specified sponsor and not an individual.</li> <li>b. The LDC identify such amount remitted to the IRS in withholding taxes and determine the cost effectiveness of requesting a refund of those taxes.</li> </ul>	LDC
4	<p>Regarding procurement policies:</p> <ul style="list-style-type: none"> <li>a. Procurement policies should include a qualification that selected vendors are not indebted to the government or that the payments to the vendor can be legally offset to pay the government. The coordination and cooperation with DRT should be sought.</li> <li>b. The LDC identify such amount remitted to the IRS in withholding taxes and determine the cost effectiveness of requesting a refund of those taxes.</li> </ul>	LDC
5	<p>Regarding concessions:</p> <ul style="list-style-type: none"> <li>a. Independent auditors should be present to observe the bid opening and award process.</li> <li>b. The entire bid opening process should be documented to including a list of attendees tracked with a sign-in sheet, a list of bids submitted and corresponding deposits submitted with receipt number, a list of bids awarded and rejected and corresponding award letters or rejection notices explaining the reasons for rejection.</li> <li>c. Bids for gambling and alcohol sales must be carefully scrutinized for authenticity of documentation in coordination with DRT. This includes verification of authorizing non-profit organization and financial report accounting for such funds of the organization. No person should solely benefit from these types of activities by unauthorized use of an organization’s name.</li> <li>d. All concessions should be charged uniformly for their respective concessions to include clean-up and utility fees. Bids should be for at least minimum amounts stated in the bid packet.</li> </ul>	LDC

	<b>Recommendation</b>	<b>Addressee</b>
<b>6</b>	<p>Regarding raffle ticket sales:</p> <ul style="list-style-type: none"> <li>a. Sponsors should be held liable for unsold raffle tickets. All efforts must be made to require sponsors to either submit the tickets or make arrangements to pay for them. Furthermore, a list of those sponsors with outstanding booklets should be maintained in files to prevent them from participating in other Liberation Day Queen Raffles.</li> <li>b. The LDC should ensure its proper filing to DRT of Form FCN 2-2-136 Ticket Registration Form.</li> </ul>	LDC
<b>7</b>	<p>Regarding receipts:</p> <ul style="list-style-type: none"> <li>a. All monies received should be documented in pre-numbered receipts. Documented distribution of sequentially numbered official receipt books to respective committee will ensure all receipts are accounted for.</li> <li>b. Use of a Night Depository will minimize instances of lost cash and theft during days with high cash collections. Additionally, the treasurer should prepare a running list of cash proceeds identifying its source.</li> </ul>	LDC
<b>8</b>	Safekeeping of organizational documents should be centralized for ease of transition to the next committee and for auditing purposes.	LDC
<b>9</b>	The LDC coordinate with DRT to comply with the various requirements of a non-profit organization. Annual reports required are Form 990 – Return of Organization Exempt from Income Tax and Form FCN 2-2-111 – Annual Information Return for Tax Exempt Persons and Application for Exemption Form 1023 or 1024. The LDC should also obtain an Employer Identification Number (EIN) from the IRS and publish the annual report required by §14102 of Title 18 of the Guam Code Annotated.	LDC
<b>10</b>	Coordination with government agencies such as the DRT for licensing of concession vendors, Department of Public Health and Social Services for health and food inspections, the Guam Power Authority and the Guam Waterworks Authority for utilities hookup, the Guam Police Department for safety and crowd control and the Department of Parks and Recreation for ground maintenance.	LDC
<b>11</b>	We recommend the Legislature revisit and update the laws related to the Liberation Day festivities and/or activities to ensure they are still applicable. We recommend the Legislature clarify references to the Guam Island Fair, Guam Island Fair Committee, and Liberation Day Carnival. In our letter dated June 26, 2002, to then-Senator Felix Camacho and Kaleo Moylan, we recommended that an annual audit be performed on the funds of Liberation Day activities.	Legislature
<b>12</b>	Government employees have been appointed and participated in the planning and coordination of the Liberation Day activities and their involvement will, in all likelihood, continue. We recommend that the Legislature repeal §1013 of Title 1 of the Guam Code Annotated relative to the involvement of government employees in Liberation Day activities.	Legislature
<b>13</b>	We recommend the Attorney General of Guam review the Liberation Day activities regarding underreporting of proceeds by People Helping People, the Manenggon Memorial Foundation, payments made to individuals, the Foundation, payments made to individuals, the use of general fund monies for raffle tickets, and gambling activities and determine if such actions warrant appropriate legal and criminal action.	OAG
<b>14</b>	We recommend the Director of the Revenue and Taxation to coordinate efforts with the Liberation Day Committee to enforce mandatory laws and regulations.	DRT



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DEPARTMENT OF  
**REVENUE AND TAXATION**  
GOVERNMENT OF GUAM      Gubetnamenton Guåhan

FELIX P. CAMACHO, Governor  
MICHAEL W. Cruz, Lt. Governor      Tiferite C

ARTEMIO B. ILAGAI  
PAUL J. PABLO,  
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### TAX EXEMPTION APPLICATION PROCEDURES

Pick up the following forms at the Business Privilege Tax Branch (GRT):

- Form 1023 – Application for Recognition of Exemption under Sections 501(c)(3) of the Guam Territorial Income Tax Law
- Form 1024 – Application for Recognition of Exemption under Sections 501(c)(2); (c)(4); (c)(5); (c)(6); (c)(7); (c)(8); (c)(9); (c)(10); (c)(12); (c)(13); (c)(15); (c)(17); (c)(19); (c)(20); and (c)(25); of the Guam Territorial Income Tax Law.
- Form CN 2-2-110 – Application for Recognition of Exemption under the Business Privilege Tax Law (GRT) – Section 26203, Title 11 Guam Code Annotated.
- Form SS-4 – Application for Employer Identification Number
- Form 8718 – User Fee For Exempt Organization Determination Letter Request

These forms are to be completed by the organization applying for Tax Exempt status. A registered copy of the organization's Articles of Incorporation or Association and By-laws must be filed with the forms. File completed forms with the Business Privilege Tax Branch. Once the application for Exemption is filed and approved, the following forms must be filed by the prescribed due dates, if required:


- Form 990 – RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX - This form is due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after your accounting period ends. This is essentially the financial statement of the organization to be filed each year while in existence if income exceeds \$25,000.
- Form 990T – EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN - Filed Separately for organizations with gross income of \$1,000 or more from business unrelated to the organization's exempt purpose.
- Form FCN 2-2-111 – ANNUAL INFORMATION RETURN OF ORGANIZATION EXEMPTION FROM BUSINESS PRIVILEGE TAX (GRT) - This form is due no later than ninety (90) days after the close of the organization's accounting period. The annual information return is mainly information of the sources of income received during the year. The return is required to be filed every year. The organization is also required to file and publish annual financial statements in the newspaper.
- SPECIFIC EVENT FORM – EXEMPTION APPLICATION FOR BUSINESS PRIVILEGE TAX (GRT) - This form is to be filed and approved before a specific event (e.g. fundraiser) takes place. It is filed for each event so those proceeds from the event will be recognized as being tax exempt (GRT)
- Form FCN 2-2-136 – TICKET REGISTRATION - This form is to be submitted with the *Specific Event Form* where tickets are sold for an event and/or which involves the sale of tickets. The first and last ticket must be submitted with the Ticket Registration Form along with a statement from the printing company certifying the number of tickets printed.

**IMPORTANT NOTE:** *Organizations must be in existence at least two (2) years before a raffle or lottery can be conducted.*

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Post Office Box 23607, Guam Main Facility, Guam 96921 • Tel. / Telfon: (671) 635-1817 • Fax / Faks: (671) 633-2643





DEPARTMENT OF  
**REVENUE AND TAXATION**  
GOVERNMENT OF GUAM      Gubetnamenton Guáhan

FELIX P. CAMACHO, Governor Maga'lái  
MICHAEL W. Cruz, Lt. Governor Tíñiene Gubetnadi

ARTEMIO B. ILAGAN, Directo  
Direkto  
PAUL J. PABLO,  
Acting Deputy Director  
Segundo Direkto

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**PUBLICATION OF FINANCIAL INFORMATION BY NON-PROFIT ORGANIZATIONS**

**§14101 - Purpose of Chapter**  
The Legislature finding that the people of Guam are generous contributors to charitable or other non-profit organizations but are usually unaware of the disposition made of their contributions, the purpose of this Chapter is to require all such organizations, except strictly religious ones, to file and publish annual financial statements so that the people of Guam can be made aware of the actual fiscal needs of these organizations and can thus govern themselves in their donations to such organizations accordingly.

**§14102 - FILING OF ANNUAL REPORTS**  
Except for an organization that is entirely religious in character, or a fraternal organization operating under the lodge system that does not solicit, directly or indirectly, from the general public donations and contributions and does not participate in local fund-raising activities such as raffles and bingo games, every non-profit organization, including but not limited to a fraternal benefit society, order or association operating under the lodge system, a corporation, association, or society organized and operated for eleemosynary, scientific or educational purposes, business league, Chamber of Commerce, civil league, a political party, any organization of more than two individuals whose purpose is to provide funds or other assistance of value to a political candidate, any organization with the avowed purpose of advocating the improvement of the Government of Guam or the political process, and an organization operating for the benefit of the community and for the promotion of social welfare, shall caused to be published annually within forty-five (45) days of the close of its fiscal year in a newspaper of general circulation in the Territory of Guam a financial report within report shall include a statement of its income and expenditures for the preceding year and a balance sheet showing its assets and liabilities. For the limited purpose of this section, the fiscal year of a political party, an organization of more than two individuals, whose purpose is to provide funds or other assistance of value to a political candidate and any organization with the avowed purpose of advocating the improvement of the Government of Guam or the political process shall end on September 15. Such newspaper report need be no larger than four inches by five inches. Such financial statement shall contain a certificate as to its accuracy by an officer of the organization which financial statement shall be filed with the Director of Revenue & Taxation.

**§14103 ADMINISTRATION BY DEPARTMENT OF REVENUE & TAXATION**  
The Director of Revenue & Taxation shall administer the provisions of this Chapter and upon a finding of noncompliance thereof by any organization required to file and publish such statement, he shall revoke any license or charter issued to such organization by the Government of Guam and shall revoke the tax exempt status of such organization; provided, however, that such action or actions may be taken by the Director only after a public hearing pursuant to the provisions of the Administrative Adjudication Law (5 GCA Chapter 6). In addition, any officer of any organization required to publish its financial statement under the provisions of this Chapter who either intentionally fails to publish such or intentionally falsifies the information therein shall be guilty of a misdemeanor.

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OFFICE OF THE GOVERNOR  
HAGÁTÑA, GUAM 96910  
U.S.A.

EXECUTIVE ORDER NO. 2008- 11

RELATIVE TO ESTABLISHING A 2008 GUAM ISLAND  
FAIR / 64<sup>th</sup> LIBERATION DAY ORGANIZATIONAL  
COMMITTEE TO PLAN AND MAKE APPROPRIATE  
ARRANGEMENTS FOR THE GUAM ISLAND FAIR AND  
LIBERATION DAY CARNIVAL AND PARADE.

**WHEREAS**, Liberation Day commemorates the anniversary of America's liberation of Guam from the Japanese occupation on July 21, 1944; and

**WHEREAS**, Before Guam was reclaimed and once again placed under American administration at the end of World War II, thousands of Chamorro, Americans and Japanese lost their lives; and

**WHEREAS**, Our people must never forget the sacrifices of the thousands of servicemen and Chamorro who suffered during the occupation and the fierce battle for the liberation of Guam; and

**WHEREAS**, This year as we commemorate the 64th anniversary of Guam's liberation from Japanese occupation, our community remembers those who were killed and the upcoming generations of men and women who are in the armed forces, who continue to risk their lives to defend freedom and our way of life; and

**WHEREAS**, Liberation Day is not only a recognition of the anniversary of the liberation of Guam from Japanese occupation by American forces and the reestablishment of the U.S. military on Guam, but a celebration of the rich culture and history of our beautiful island and her people through the Guam Island Fair and the Liberation Day Carnival and Parade.

**NOW, THEREFORE, I, FELIX P. CAMACHO, *I Maga'låhen Guahan***, Governor of Guam, by virtue of the authority vested in me by the Organic Act of Guam, as amended, and the laws of Guam, do order as follows:

1. **Creation and Appointment of the 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee.** The "2008 Guam Island Fair / 64<sup>th</sup> Guam Liberation Day organizational Committee" is created and its members are to be appointed by *I Maga'låhen Guahan*, Governor of Guam, pursuant to this Executive Order. Members are to be selected from a list of volunteers presented to the Governor. Members appointed to the 2008 Guam Island Fair / 64<sup>th</sup> Guam Liberation Day organizational Committee, shall, to the fullest extent possible, execute the duties and responsibilities assigned to them following the promulgation of this Executive Order and shall continue to do so, until the final report has been submitted.



2. **Organization.** The 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee is to be organized as a non-profit entity, and conducted pursuant to the laws of Guam for the public benefit and operated primarily for charitable or civic purposes. Members of the Committee may, at their discretion, further organize and associate themselves as permitted by the laws of Guam.

3. **Designated Meeting Place.** The government of Guam may provide a designated meeting place for the 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee. Activities of the Committee members shall conform to the requirements set forth by law.

4. **Duties of the Committee.** The 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day organizational Committee shall undertake all efforts to plan and make arrangements for the celebration of the Guam Island Fair and Liberation Day Carnival and Parade. The 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee shall name and oversee the progress of subcommittees tasked with various projects necessary for the commemoration of the anniversary of the liberation of Guam.

The 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee shall be considered an independent and separate entity from other entities, however named, previously tasked with the planning of the Guam Island Fair and/or Liberation Day Carnival and Parade. As such, the 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee shall not be responsible for any debts, obligations or liabilities of previous committees or entities. However, if funds are available the Chairperson, at his discretion, may pay debts incurred by previous committees.

5. **Distribution of the 2008 Guam Island Fair and Liberation Day Carnival Proceeds.** Up to one-half of all net proceeds of the 2008 Guam Island Fair and Liberation Day Carnival shall be placed in a separate account called the "Liberation Day Textbook Fund" and monies in this fund shall be used for the sole purpose of purchasing textbooks for Guam's school children and shall augment funds appropriated by the government for such purposes.

All remaining proceeds shall be donated to a worthy public cause or causes as the Executive Committee of the 2008 Guam Island Fair / 64<sup>th</sup> Liberation Day Organizational Committee shall determine.

SIGNED AND PROMULGATED at Hagåtña, Guam this 20<sup>th</sup> day of JUNE 2008.

FELIX P. CAMACHO  
*I Maga' lãhen Guahan*  
Governor of Guam

COUNTERSIGNED:

MICHAEL W. CRUZ, M.D.  
*I Segundu Maga' Lãhen Guãhan*  
Lieutenant Governor of Guam



## Liberation Queen's Committee

Date: July 25, 2007

### MEMORANDUM

TO: Bob Camacho – Liberation Chairman  
FROM: Telo Taitague- Liberation Queen's Committee  
SUBJECT: Suggestion's for 2008 Liberation Committee

First I would like to congratulate you on a successful Liberation Festivities. I would also like to thank you for having faith in my ability and for guidance you have given me through some of the obstacles I faced as the Chairperson of the Queen's Committee. You have showed me patience, compassion, forgiveness and for this I would be honored to work with you again. There is still much more I can learn from you.

Respectfully, I would like to share a few ideas and suggestions in regards to the next Liberation.

### LIBERATION QUEEN'S COMMITTEE

1. Combine the Miss Guam Tourism Pageant with the Liberation Queen's Pageant:  
This will save cost for the committee and will address the issue of low participation for both pageant's.
2. Combine the Queen's Committee and Raffle Committee as one:  
This will address the lateness of ticket distribution and the lack of communication between both committee's.

### LIBERATION EXECUTIVE CHAIRMAN

1. Appoint a Liberation Executive Chairman by January 15<sup>th</sup> of each year:  
This will allow for the needed preparation and will address some of the cost saving issues.
2. Designate a storage area for materials used during the Liberation:  
If stored correctly these materials can be used again thus saving money and time in locating item's

LIBERATION SPONSORS

1. The purchase of GPA approved, 100 banner brackets.

This make's it easier for sponsors to participate, compliance with GPA and bring a festiveness to the celebration. The cost to the sponsor would cover the expense and provide for a larger profit margin for the follow years. (see attachment)


LIBERATION IN GENERAL

1. To allow a bidding process to handle all of the Liberation Festivities.  
This can be more profitable and lessen our responsibilities.

Lastly, though you probably already have one, a thank you letter to our sponsors that not only shows our appreciation but encourages them to be the first in line for next year.

Thank you again for this opportunity.


**Appendix 8:**  
**2009 LDC Bank Statement Summary**

 Indicates missing bank statement

**Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee**

	Statement Date	Beginning Balance	Receipts	Disbursements	Ending Balance
2009 LDC	April 1- 12, 2009	\$ 545.93	\$ 5,000.00	\$ 545.93	\$ 5,000.00
	April 13 - 19, 2009	\$ 5,000.00	\$ -	\$ 500.00	\$ 4,500.00
	April 20 - May 17, 2009	\$ 4,500.00	\$ 42,956.18	\$ 27.00	\$ 47,429.18
	May 18 - 24, 2009	\$ 47,429.18	\$ 176,761.79	\$ 3,750.00	\$ 220,440.97
	May 25 - June 07, 2009	\$ 220,440.97	\$ -	\$ 29,000.00	\$ 191,440.97
	June 08 - 14, 2009	\$ 191,440.97	\$ -	\$ 11,346.00	\$ 180,094.97
	June 15 - 21, 2009	\$ 180,094.97	\$ 350.00	\$ 14,345.00	\$ 166,099.97
	June 22 - 28, 2009	\$ 166,099.97	\$ -	\$ 22,170.19	\$ 143,929.78
	June 29 - July 05, 2009	\$ 143,929.78	\$ 550.00	\$ 4,737.50	\$ 139,742.28
	July 06 - 12, 2009	\$ 139,742.28	\$ 4,400.00	\$ 17,693.00	\$ 126,449.28
	July 13 - 19, 2009	\$ 126,449.28	\$ -	\$ 16,310.36	\$ 110,138.92
	July 20 - 26, 2009	\$ 110,138.92	\$ 1,650.00	\$ 20,230.13	\$ 91,558.79
	July 27 - 31, 2009	\$ 91,558.79	\$ -	\$ 6,600.00	\$ 84,958.79
	August 01 - 09, 2009	\$ 84,958.79	\$ -	\$ 30,797.63	\$ 54,161.16
	August 10 - 16, 2009	\$ 54,161.16	\$ -	\$ 7,174.50	\$ 46,986.66
	August 17 - 23, 2009	\$ 46,986.66	\$ -	\$ 610.00	\$ 46,376.66
	August 24 - 30, 2009	\$ 46,376.66	\$ 27,895.97	\$ 3,375.00	\$ 70,897.63
	August 31 - September 06, 2009	\$ 70,897.63	\$ -	\$ 5,300.00	\$ 65,597.63
	September 07 - 20, 2009	\$ 65,597.63	\$ -	\$ 200.00	\$ 65,397.63
	September 21 - 27, 2009	\$ 65,397.63	\$ -	\$ 1,300.00	\$ 64,097.63
	September 28 - October 11, 2009	\$ 64,097.63	\$ -	\$ 35,200.00	\$ 28,897.63
	October 12 - 18, 2009	\$ 28,897.63	\$ -	\$ 3,000.00	\$ 25,897.63
	October 19 - November 08, 2009	\$ 25,897.63	\$ -	\$ 500.00	\$ 25,397.63
	November 09 - 15, 2009	\$ 25,397.63	\$ -	\$ 1,500.00	\$ 23,897.63
	November 16 - 29, 2009	\$ 23,897.63	\$ -	\$ 3,101.88	\$ 20,795.75
	November 30 - December 13, 2009	\$ 20,795.75	\$ -	\$ 5,000.00	\$ 15,795.75
	December 14 - 20, 2009	\$ 15,795.75	\$ -	\$ 5,861.44	\$ 9,934.31
	December 21 - 27, 2009	\$ 9,934.31	\$ -	\$ 50.00	\$ 9,884.31
December 28, 2009 - February 21, 2010	\$ 9,884.31	\$ -	\$ 2,000.00	\$ 7,884.31	
February 22 - March 31, 2010	\$ 7,884.31	\$ -	\$ -	\$ 7,884.31	
	<b>2009 LDC Total</b>		<b>\$ 259,563.94</b>	<b>\$ 252,225.56</b>	


**Appendix 8:**  
**2009 LDC Bank Statement Summary**

 Indicates missing bank statement

**Bank of Guam - Guam Island Fair 2009 Liberation Day Raffle**

		<b>Beginning</b>		<b>Disbursements</b>	<b>Ending</b>
<b>Statement Date</b>		<b>Balance</b>	<b>Receipts</b>		<b>Balance</b>
<b>2009 LDC</b>	April 1 - 30, 2009	\$ -	\$ -	\$ -	\$ -
	May 1 - 31, 2009	\$ -	\$ -	\$ -	\$ -
	June 1 - 30, 2009	\$ -	\$ 10,875.00	\$ -	\$ 10,875.00
	July 1 - 31, 2009	\$ 10,875.00	\$ 103,018.00	\$ 2,235.00	\$ 111,658.00
	August 1 - 31, 2009	*	*	*	*
	September 1 - 30, 2009	*	*	*	*
	October 1 - 31, 2009	*	*	*	*
	November 1 - 30, 2009	*	*	*	*
	December 1 - 31, 2009	*	*	*	*
	January 1 - 31, 2010	*	*	*	*
	February 1 - 28, 2010	\$ 11,625.60	\$ -	\$ 76.00	\$ 11,549.60
	March 1 - 31, 2010	\$ 11,549.60	\$ -	\$ -	\$ 11,549.60
	April 1 - 30, 2009	\$ 11,549.60	\$ -	\$ 6,660.86	\$ 4,888.74
	<b>2009 LDC Total</b>		<b>\$ 113,893.00</b>	<b>\$ 8,971.86</b>	

## Appendix 9: 2008 LDC Bank Statement Summary

 Indicates missing bank statement

### Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee


	Statement Date	Beginning Balance	Receipts	Disbursements	Ending Balance
2008 LDC	April 1 - 30, 2008	*	*	*	*
	May 1 - 31, 2008	*	*	*	*
	June 1 - 30, 2008	*	*	*	*
	July 1 - 31, 2008	*	*	*	*
	August 1 - 31, 2008	*	*	*	*
	September 1 - 30, 2008	*	*	*	*
	October 1 - 31, 2008	*	*	*	*
	November 1 - 30, 2008	\$ 545.93	\$ -	\$ -	\$ 545.93
	December 1 - 31, 2008	\$ 545.93	\$ -	\$ -	\$ 545.93
	January 1 - 31, 2009	\$ 545.93	\$ -	\$ -	\$ 545.93
	February 1 - 29, 2009	\$ 545.93	\$ -	\$ -	\$ 545.93
	March 1 - 31, 2009	\$ 545.93	\$ -	\$ -	\$ 545.93
	<b>2008 LDC Total</b>		*	*	

### Bank Pacific - Guam Island Fair - Liberation Day Organization Committee

	Statement Date	Beginning Balance	Receipts	Disbursements	Ending Balance
2008 LDC	April 29 - 30, 2008	\$ 4,004.00	\$ -	\$ 5.00	\$ 3,999.00
	May 1 - 31, 2008	\$ 3,999.00	\$ 138,718.00	\$ 1,671.60	\$ 141,045.40
	June 01 - 30, 2008	\$ 141,045.40	\$ 91,238.00	\$ 101,875.30	\$ 130,408.10
	July 1 - 30, 2008	\$ 130,408.10	\$ 55,136.30	\$ 104,493.72	\$ 81,050.68
	July 31 - August 31, 2008	\$ 81,050.68	\$ 5,800.00	\$ 62,528.71	\$ 24,321.97
	September 1 - 30, 2008	\$ 24,321.97	\$ 4,657.93	\$ 15,572.45	\$ 13,407.45
	October 1 - 31, 2008	\$ 13,407.45	\$ 15,089.25	\$ 8,805.26	\$ 19,691.44
	November 1 - 30, 2008	\$ 19,691.44	\$ -	\$ 1,931.74	\$ 17,759.70
	December 1 - 31, 2008	\$ 17,759.70	\$ 270.00	\$ 1,909.92	\$ 16,119.78
	January 1 - 31, 2009	\$ 16,119.78	\$ -	\$ -	\$ 16,119.78
	February 1 - 27, 2009	\$ 16,119.78	\$ 1,947.69	\$ 144.19	\$ 17,923.28
	March 01 - 1, 2009	\$ 17,923.28	\$ -	\$ 671.88	\$ 17,251.40
	April 1 - 30, 2009	\$ 17,251.40	\$ 551.73	\$ 15,642.21	\$ 2,160.92
	May 1 - 31, 2009	\$ 2,160.92	\$ 2.10	\$ 5.00	\$ 2,158.02
	<b>2008 LDC Total</b>		\$ 313,411.00	\$ 315,256.98	




## Appendix 10: 2007 LDC Bank Statement Summary

 Indicates missing bank statement


<b>Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee</b>					
	<b>Statement Date</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Balance</b>
<b>2007 LDC</b>	May 1 - May 27, 2007	\$ 43,206.18	\$ -	\$ 747.60	\$ 42,458.58
	May 28 - June 03, 2007	\$ 42,458.58	\$ 139,903.88	\$ 3,479.50	\$ 178,882.96
	June 04 - 10, 2007	\$ 178,882.96	\$ -	\$ 16,000.00	\$ 162,882.96
	June 11 - 17, 2007	\$ 162,882.96	\$ -	\$ 37,400.00	\$ 125,482.96
	June 18 - 24, 2007	\$ 125,482.96	\$ -	\$ 29,918.86	\$ 95,564.10
	June 25 - 30, 2007	\$ 95,564.10	\$ -	\$ 5,168.00	\$ 90,396.10
	July 1 - 08, 2007	\$ 90,396.10	\$ 22,318.00	\$ 10,290.00	\$ 102,424.10
	July 09 - 15, 2007	\$ 102,424.10	\$ -	\$ 8,650.00	\$ 93,774.10
	July 16 - 22, 2007	\$ 93,774.10	\$ 19,659.00	\$ 10,712.27	\$ 102,720.83
	July 23 - 29, 2007	\$ 102,720.83	\$ -	\$ 20,543.50	\$ 82,177.33
	July 30 - August 05, 2007	\$ 82,177.33	\$ -	\$ 32,146.40	\$ 50,030.93
	August 06 - 12, 2007	\$ 50,030.93	\$ -	\$ 30,220.00	\$ 19,810.93
	August 13 - 19, 2007	\$ 19,810.93	\$ 9,303.00	\$ 2,747.50	\$ 26,366.43
	August 20 - 26, 2007	\$ 26,366.43	\$ -	\$ 776.00	\$ 25,590.43
	August 27 - 31, 2007	\$ 25,590.43	\$ -	\$ 1,000.00	\$ 24,590.43
	September 01 - 09, 2007	\$ 24,590.43	\$ -	\$ 500.00	\$ 24,090.43
	September 10 - 16, 2007	\$ 24,090.43	\$ -	\$ 12,200.00	\$ 11,890.43
	September 17 - 23, 2007	\$ 11,890.43	\$ -	\$ 2,000.00	\$ 9,890.43
	September 24 - 30, 2007	\$ 9,890.43	\$ -	\$ 437.50	\$ 9,452.93
	October 1 - November 11, 2007	\$ 9,452.93	\$ 2,243.00	\$ 1,788.00	\$ 9,907.93
November 12, - 30, 2007	*	*	*	*	
December 1 - 31, 2007	*	*	*	*	
January 1 - 31, 2008	*	*	*	*	
February 1 - 28, 2008	*	*	*	*	
March 1 - 05, 2008	*	*	*	*	
March 6 - 31, 2008	*	*	*	*	
<b>2007 LDC Total</b>			<b>\$ 193,426.88</b>	<b>\$ 226,725.13</b>	

## Appendix 11: 2006 LDC Bank Statement Summary

 Indicates missing bank statement

<b>Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee</b>					
	<b>Statement Date</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Balance</b>
<b>2006 LDC</b>	April 1 - 30, 2006	*	*	*	*
	May 1 - 31, 2006	*	*	*	*
	June 1 - 30, 2006	*	*	*	*
	July 1 - 31, 2006	*	*	*	*
	August 1 - August 06, 2006	\$ 137,705.39	\$ -	\$ 21,650.00	\$ 116,055.39
	August 7 - 13, 2006	\$ 116,055.39	\$ -	\$ 3,000.00	\$ 113,055.39
	August 14 - 20, 2006	\$ 113,055.39	\$ -	\$ 16,541.30	\$ 96,514.09
	August 21 - 27, 2006	\$ 96,514.09	\$ -	\$ 10,112.82	\$ 86,401.27
	August 28 - September 3, 2006	\$ 86,401.27	\$ 4,770.00	\$ 7,901.46	\$ 83,269.81
	September 4 - 10, 2006	\$ 83,269.81	\$ -	\$ 9,500.00	\$ 73,769.81
	September 11 - 17, 2006	\$ 73,769.81	\$ -	\$ 6,750.00	\$ 67,019.81
	September 18 - 24, 2006	\$ 67,019.81	\$ 1,795.00	\$ 144.00	\$ 68,670.81
	September 25 - October 08, 2006	\$ 68,670.81	\$ -	\$ 2,562.50	\$ 66,108.31
	October 9 - 15, 2006	\$ 66,108.31	\$ -	\$ 4,527.50	\$ 61,580.81
	October 16 - 22, 2006	\$ 61,580.81	\$ 2,556.18	\$ 7,245.00	\$ 56,891.99
	October 23 - 29, 2006	\$ 56,891.99	\$ -	\$ 8,700.00	\$ 48,191.99
	October 30 - November 05, 2006	\$ 48,191.99	\$ -	\$ 1,507.50	\$ 46,684.49
	November 6 - December 03, 2006	\$ 46,684.49	\$ -	\$ 580.00	\$ 46,104.49
	December 4 - 17, 2006	\$ 46,104.49	\$ -	\$ 2,266.00	\$ 43,838.49
	December 18 - 25, 2006	\$ 43,838.49	\$ -	\$ 720.00	\$ 43,118.49
	December 26, 2006 - January 28, 2007	\$ 43,118.49	\$ 1,117.16	\$ 250.00	\$ 43,985.65
	January 29 - February 18, 2007	\$ 43,985.65	\$ -	\$ 182.47	\$ 43,803.18
	February 19 - March 31, 2007	\$ 43,803.18	\$ -	\$ -	\$ 43,803.18
	April 1 - April 30, 2007	\$ 43,803.18	\$ -	\$ 597.00	\$ 43,206.18
	<b>2006 LDC Total</b>		<b>\$ 10,238.34</b>	<b>\$ 104,737.55</b>	

**Appendix 12:**  
**2005 & 2004 LDC Bank Statement Summaries**

 Indicates missing bank statement

<b>Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee</b>					
	<b>Statement Date</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Balance</b>
<b>2005 LDC</b>	April 1 - 30, 2005	*	*	*	*
	May 08 - 29, 2005	\$ 108.71	\$ 101,627.88	\$ -	\$ 101,736.59
	May 30, 2005	*	*	*	*
	June 1 - 30, 2005	*	*	*	*
	July 1 - 31, 2005	*	*	*	*
	August 1 - 31, 2005	*	*	*	*
	September 1 - 30, 2005	*	*	*	*
	October 1 - 31, 2005	*	*	*	*
	November 1 - 30, 2005	*	*	*	*
	December 1 - 31, 2005	*	*	*	*
	January 1 - 31, 2006	*	*	*	*
	February 1 - 28, 2006	*	*	*	*
	March 1 - 05, 2006	*	*	*	*
	March 6 - 12, 2006	\$ 2,191.29	\$ -	\$ 733.00	\$ 1,458.29
	March 12 - 31, 2006	*	*	*	*
<b>2005 LDC Total</b>			\$ 101,627.88	\$ 733.00	

<b>Bank of Guam - Guam Island Fair - Liberation Day Organizational Committee</b>					
	<b>Statement Date</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Balance</b>
<b>2004 LDC</b>	April 1 - 30, 2004	*	*	*	*
	May 1 - 31, 2004	*	*	*	*
	June 1 - 30, 2004	*	*	*	*
	July 1 - 31, 2004	*	*	*	*
	August 1 - 31, 2004	*	*	*	*
	September 1 - 30, 2004	*	*	*	*
	October 1 - 31, 2004	*	*	*	*
	November 1 - 30, 2004	*	*	*	*
	December 1 - 31, 2004	*	*	*	*
	January 1 - 31, 2005	*	*	*	*
	February 1 - 28, 2005	*	*	*	*
	March 1 - 31, 2005	*	*	*	*
	<b>2004 LDC Total</b>			*	*

**Appendix 13:**  
**2008 Financial Statements**

2008 GUAM LIBERATION JANUARY 2008 TO APRIL 30, 2009	
<b>INCOME :</b>	
Carnival Bids	211,734.00
Parade Bids	12,604.50
Events & Marketing Solicitations	5,649.49
Donations	2,371.00
Queens Committee Raffle Sales	65,698.93
Other	<u>6,245.93</u>
<b>TOTAL INCOME:</b>	<b>304,303.85</b>
<b>EXPENSE:</b>	
Advertisement	594.00
Bank fee	77.00
Queens	
Little Miss Commission	7,902.50
Candidates Charity	13,920.00
Prize	4,978.75
Raffle	10,000.00
Parade	
Prize	1,442.81
Contract Services	204,952.76
Printing & Reproductions	3,159.21
Equipment Rental	3,485.00
Carnival Bid Returns	3,342.02
Supplies	10,914.09
Taxes: FY2003	298.47
Utilities;	<u>34,237.24</u>
<b>TOTAL EXPENSES;</b>	<b>299,303.85</b>
<b>NET INCOME:</b>	<b>5,000.00</b>
<b>Funds Transfer to Bank of Guam acct no. 0101-277853</b>	<u><b>-5,000.00</b></u>
Start-up Funds for the: 2009 Guam Island Fair/Liberation Day Committee Contact: Angel Sablan - 2009 Liberation Day Committee	
<b>Ending Balance</b>	<u><u>\$ -</u></u>

Appendix 14:  
**2005 Financial Statements**

**Guam Island Fair /61st Liberation Day  
 Profit & Loss  
 May 1, 2005 through April 5, 2006**

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	<u>May 1, '05 - Apr 5, 06</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Concession Bids-Refund	-24,225.00
Raffle Ticket Sales	
Sponsor Share-2004	-23,207.00
Sponsor Share-2005	-44,660.50
<b>Total Raffle Ticket Sales</b>	<u>-67,867.50</u>
<b>Revenues</b>	
Income	387,660.37
<b>Total Revenues</b>	<u>387,660.37</u>
Utility Charges	-500.00
<b>Total Income</b>	<u>295,067.87</u>
<b>Expense</b>	
Bank Service Charges	11.00
<b>Contracts</b>	
Advertising	17,095.20
Benefit Concert	44,263.00
Booklet	8,336.25
Entertainment	17,910.00
Golf	5,400.00
Laser/Fireworks	80,054.17
Maintenance	18,000.00
PA System	25,000.00
Plumbing	10,251.00
Security	17,223.50
Toilet Services	6,405.00
<b>Total Contracts</b>	<u>249,938.12</u>
Parade Float Incentive	2,700.00
Permit	1,750.00
Printing and Reproduction	10,661.50
<b>Prizes</b>	
Candidates	1,000.00
Golf Tournament	500.00
Instant	6,649.00
Karoake	737.99
Metcao	4,590.00
Queen's	1,310.00
Ticket Purchase	21,000.00
Prizes - Other	1,000.00
<b>Total Prizes</b>	<u>36,786.99</u>
<b>Professional Fees</b>	
Hair Stylists	1,425.00

**Guam Island Fair /61st Liberation Day  
Profit & Loss**

May 1, 2005 through April 5, 2006

	<u>May 1, '05 - Apr 5, 06</u>
Others	4,880.00
<b>Total Professional Fees</b>	<b>6,305.00</b>
Reception Dinner	7,390.70
Rental	3,909.14
Supplies	
Candidates-Clothing/Accessories	15,415.40
Concessions	6,529.42
Coronation	4,020.06
Float	8,400.00
Golf	64.35
METCAO	376.10
Office	99.35
Parade	627.35
Stage-Carnival	17,021.18
Stage-Concert	1,330.94
Stage-Review	3,500.00
T Shirts	1,260.00
Umbrella	300.00
<b>Total Supplies</b>	<b>58,944.15</b>
Travel & Ent	
Lodging	3,071.05
Meals	2,400.11
Travel	29.90
<b>Total Travel &amp; Ent</b>	<b>5,501.06</b>
Utilities	
Power	15,227.82
Water	1,206.86
<b>Total Utilities</b>	<b>16,434.68</b>
<b>Total Expense</b>	<b>400,332.34</b>
<b>Net Ordinary Income</b>	<b>-105,264.47</b>
<b>Net Income</b>	<b>-105,264.47</b>

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# Appendix 15: 2004 Financial Statements

Guam Island Fair/Liberation Day Organizational Committee				
Profit & Loss				
April 1, 2004 through April 28, 2005				
	Total Carnival Committee	Executive Committee	Finance/Budget Committee	Parade Committee
Ordinary Income/Expense				
Income				
Contributions Income				
Carnival Concession Bids	106,902.00	0.00		0.00
Clean-Up Fixed Charges	23,400.00	0.00		0.00
Parade Fees	0.00	0.00	0.00	1,700.00
Parade Sponsorship	0.00	0.00	0.00	6,650.00
Queen Reception	0.00	0.00	0.00	0.00
Queen Registration	0.00	0.00	0.00	0.00
Raffle Prize Donation	0.00	0.00	0.00	0.00
Raffle Ticket Sales	0.00	0.00	0.00	0.00
Utility Charges	25,300.00	0.00	0.00	0.00
<b>Total Contributions Income</b>	<b>155,602.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,350.00</b>
Miscellaneous Income	0.00	2,250.00	0.00	0.00
Website Sponsorship	0.00	0.00	0.00	0.00
<b>Total Income</b>	<b>155,602.00</b>	<b>2,250.00</b>	<b>0.00</b>	<b>8,350.00</b>
Expense				
Advertising	3,575.00	0.00	0.00	650.00
Bank Service Charges	0.00	0.00	0.00	0.00
Concession Bid Refund	6,691.60	0.00	0.00	0.00
Contract Labor				
Carnival	4,600.00	0.00	0.00	0.00
Queen's Float	0.00	0.00	0.00	0.00
<b>Total Contract Labor</b>	<b>4,600.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Contracts				
Entertainment	24,000.00	0.00	0.00	0.00
Fireworks	90,000.00	0.00	0.00	0.00
Maintenance	9,734.40	0.00	0.00	0.00
Security	25,796.00	0.00	0.00	0.00
Stage/Reviewing Stand	33,270.00	0.00	0.00	14,400.00
Toilet Services	13,894.00	0.00	0.00	525.00
<b>Total Contracts</b>	<b>196,694.40</b>	<b>0.00</b>	<b>0.00</b>	<b>14,925.00</b>
Equipment Rental	1,590.00	0.00	0.00	2,730.00
Miscellaneous	0.00	0.00	180.00	0.00
Office Supplies	0.00	0.00	143.52	0.00
Printing and Reproduction	3,376.00	0.00	0.00	0.00
Professional Fees				
Photography	0.00	0.00	0.00	0.00
<b>Total Professional Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Program Expense				
Float Donation	0.00	0.00	0.00	1,800.00
Parade Coverage	0.00	0.00	0.00	6,000.00
Parade Prizes	0.00	0.00	0.00	1,518.35
Queen's Court Prizes	0.00	0.00	0.00	0.00
Queens' Reimbursement	0.00	0.00	0.00	0.00
Raffle Prizes	0.00	0.00	0.00	0.00
<b>Total Program Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9,318.35</b>
Supplies				
Candidate Clothing	0.00	0.00	0.00	0.00
Office	0.00	0.00	0.00	10.00
Parade	0.00	0.00	0.00	1,001.00
Queen's Float	0.00	0.00	0.00	0.00
<b>Total Supplies</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,011.00</b>
Travel & Ent				
Entertainment	0.00	0.00	0.00	0.00
Meals	167.50	0.00	0.00	190.00
<b>Total Travel &amp; Ent</b>	<b>167.50</b>	<b>0.00</b>	<b>0.00</b>	<b>190.00</b>
Utilities				
Gas and Electric	11,066.80	0.00	0.00	245.24
Utility Supplies	18,452.22	0.00	0.00	0.00
Water	463.41	0.00	0.00	0.00
<b>Total Utilities</b>	<b>29,982.43</b>	<b>0.00</b>	<b>0.00</b>	<b>245.24</b>
<b>Total Expense</b>	<b>246,676.93</b>	<b>0.00</b>	<b>323.52</b>	<b>29,069.59</b>
<b>Net Ordinary Income</b>	<b>-91,074.93</b>	<b>2,250.00</b>	<b>-323.52</b>	<b>-20,719.59</b>
<b>Income</b>	<b>-91,074.93</b>	<b>2,250.00</b>	<b>-323.52</b>	<b>-20,719.59</b>

# Appendix 15: 2004 Financial Statements

Guam Island Fair/Liberation Day Organizational Committee				
Profit & Loss				
April 1, 2004 through April 28, 2005				
	Publicity/Marketing Committee	Total Queen's/Raffle Committee	Unclassified	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Contributions Income</b>				
Carnival Concession Bids	0.00	0.00	0.00	106,902.00
Clean-Up Fixed Charges	0.00	0.00	0.00	23,400.00
Parade Fees	0.00	0.00	0.00	1,700.00
Parade Sponsorship	4,900.00	0.00	0.00	11,550.00
Queen Reception	0.00	3,090.00	0.00	3,090.00
Queen Registraion	0.00	11,825.00	0.00	11,825.00
Raffle Prize Donation	0.00	20,375.00	0.00	20,375.00
Raffle Ticket Sales	0.00	171,000.00	0.00	171,000.00
Utility Charges	0.00	0.00	0.00	25,300.00
<b>Total Contributions Income</b>	<b>4,900.00</b>	<b>206,290.00</b>	<b>0.00</b>	<b>375,142.00</b>
<b>Miscellaneous Income</b>				
Website Sponsorship	0.00	325.00	0.00	2,575.00
	6,000.00	0.00	0.00	6,000.00
<b>Total Income</b>	<b>10,900.00</b>	<b>206,615.00</b>	<b>0.00</b>	<b>383,717.00</b>
<b>Expense</b>				
<b>Advertising</b>				
Bank Service Charges	8,720.00	12,708.37	0.00	25,653.37
Concession Bid Refund	0.00	0.00	217.30	217.30
Contract Labor	0.00	0.00	0.00	6,691.60
Carnival	0.00	0.00	0.00	4,600.00
Queen's Float	0.00	4,500.00	0.00	4,500.00
<b>Total Contract Labor</b>	<b>0.00</b>	<b>4,500.00</b>	<b>0.00</b>	<b>9,100.00</b>
<b>Contracts</b>				
Entertainment	0.00	0.00	0.00	24,000.00
Fireworks	0.00	0.00	0.00	90,000.00
Maintenance	0.00	0.00	0.00	9,734.40
Security	0.00	0.00	0.00	25,796.00
Stage/Reviewing Stand	0.00	0.00	0.00	47,670.00
Toilet Services	0.00	0.00	0.00	14,419.00
<b>Total Contracts</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>211,619.40</b>
<b>Equipment Rental</b>				
Miscellaneous	0.00	160.00	0.00	4,480.00
Office Supplies	0.00	0.00	0.00	180.00
Printing and Reproduction	0.00	0.00	0.00	143.52
Professional Fees	900.00	10,110.30	0.00	14,386.30
Photography	0.00	2,705.11	0.00	2,705.11
<b>Total Professional Fees</b>	<b>0.00</b>	<b>2,705.11</b>	<b>0.00</b>	<b>2,705.11</b>
<b>Program Expense</b>				
Float Donation	0.00	0.00	0.00	1,800.00
Parade Coverage	0.00	0.00	0.00	6,000.00
Parade Prizes	0.00	0.00	0.00	1,518.35
Queen's Court Prizes	0.00	3,790.00	0.00	3,790.00
Queens' Reimbursement	0.00	60,150.00	0.00	60,150.00
Raffle Prizes	0.00	38,000.00	0.00	38,000.00
<b>Total Program Expense</b>	<b>0.00</b>	<b>101,940.00</b>	<b>0.00</b>	<b>111,258.35</b>
<b>Supplies</b>				
Candidate Clothing	0.00	9,823.05	0.00	9,823.05
Office	0.00	116.94	0.00	126.94
Parade	0.00	0.00	0.00	1,001.00
Queen's Float	0.00	4,646.65	0.00	4,646.65
<b>Total Supplies</b>	<b>0.00</b>	<b>14,586.64</b>	<b>0.00</b>	<b>15,597.64</b>
<b>Travel &amp; Ent</b>				
Entertainment	0.00	200.00	0.00	200.00
Meals	0.00	8,034.50	0.00	8,392.00
<b>Total Travel &amp; Ent</b>	<b>0.00</b>	<b>8,234.50</b>	<b>0.00</b>	<b>8,592.00</b>
<b>Utilities</b>				
Gas and Electric	0.00	0.00	0.00	11,312.04
Utility Supplies	0.00	0.00	0.00	18,452.22
Water	0.00	0.00	0.00	463.41
<b>Total Utilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>30,227.67</b>
<b>Total Expense</b>	<b>9,620.00</b>	<b>154,944.92</b>	<b>217.30</b>	<b>440,852.26</b>
<b>Net Ordinary Income</b>	<b>1,280.00</b>	<b>51,670.08</b>	<b>-217.30</b>	<b>-57,135.26</b>
<b>Income</b>	<b>1,280.00</b>	<b>51,670.08</b>	<b>-217.30</b>	<b>-57,135.26</b>



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**Appendix 16:****Estimate of Revenues, Expenses and Net Proceeds**

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Year	OPA Estimate <sup>7</sup>		
	Revenues	Expenses	Net Proceeds
2009	\$ 374,003	\$ 359,365	\$ 14,638 <sup>8</sup>
2008	\$ 317,415	\$ 317,667	(\$ 252) <sup>9</sup>
2007	\$ 236,633	\$ 235,775	\$ 858
2006	\$ 293,963	\$ 269,218	\$ 24,745
2005	\$ 295,068	\$ 400,332	(\$ 105,264)
2004	\$ 383,717	\$ 440,852	(\$ 57,135)
<b>Totals</b>	<b>\$1,900,799</b>	<b>\$2,023,209</b>	<b>(\$ 122,410)</b>

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<sup>7</sup> Figures were derived based on an analysis of revenues and expenses from bank statements, financial statements, and other financial records.

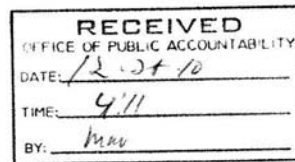
<sup>8</sup> Based on OPA's estimate of revenues and expenditures, net proceeds amounted to \$9,667. However, the LDC Chairman stated the 2009 LDC had \$40,000 in net proceeds that was transferred to the Mayors' Council of Guam.

<sup>9</sup> Based on OPA's estimate of revenues and expenditures, net proceeds amounted to a negative \$75. However, the Finance Chairperson stated the 2008 LDC had \$5,000 in net proceeds that was transferred to the 2009 LDC.



**Mayors' Council of Guam**  
*Konschelon Mahot Guahan*

December 28, 2010



Ms. Doris Flores Brooks, CPA, CGFM  
Public Auditor  
Office of Public Accountability

Subject: Official Response – 2004-9 Liberation Day Committee Funds and Activities

Dear Ms. Brooks:

At the outset, allow us from the Mayors' Council of Guam to wish you and your staff a very Happy New Year and thank all of you for the great work that you do and for the support you give our Council to improve our functions and the financial reporting associated with those functions.

Attached, please find our Official response to the Draft Audit report of the subject matter as we had discussed in our exit interview on December 23, 2010.

We thank Llewelyn Terlaje and Clariza Roque for their patience and assistance in helping us through this process and for making the final recommendations. We look forward to continue working with them in strengthening and putting in place a format and/or template that any future committee may use in carrying out their functions related to the Liberation Festivities.

Once again, Happy New Year and please call on me or Angel Sablan at 472-6940 for any questions or concerns.

*Senseramente,*

  
MAYOR MELISSA B. SAVARES  
President



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OFFICIAL RESPONSE

To

DRAFT AUDIT REPORT

Liberation Day Committee Funds and Activities 2004-2009

December 28, 2010

The 2009 Liberation Day Executive Committee was formed in May, 2009 after Governor Felix P. Camacho informed the Mayors' Council of Guam in April 2009 that it would be the entity responsible for organizing, planning, and implementing the 2009 Liberation Day Festivities (also known as Guam Island Fair). Without benefit of any prior year reports, templates, or suggestions, the Mayors' Council of Guam endeavored to organize this monumental tasking in a very short period of time as many of the pre-activities of the Liberation Day festivities had to be undertaken immediately in May, 2009.

While we cannot answer or respond to the activities of prior committees of Liberation, we can assure you that we are proud of our endeavors and even prouder that we were able to realize a substantial net gain of funds for both the 2009 and 2010 Festivities that have since accrued to the benefit of the Mayors' Council of Guam (\$40,000 in 2009 and \$64,000 in 2010).

We most certainly agree that the problems and difficulties that arise yearly with the Liberation Day Committees is that there is no permanency or stability in who actually will be the host and sponsor of the events. The fact that the Mayors' Council of Guam hosted both the 2009 and 2010 festivities allowed for better planning and implementation in 2010 thus arriving at greater net proceeds. A final report for the 2010 Liberation Day Festivities will be made available to the Office of Public Accountability on or before January 28, 2010. In fact, it is precisely for this reason of not knowing who will sponsor the yearly festivities that we had asked Senator Tina Muna Barnes to author and introduce legislation to give a "home" to the Liberation Festivities through the Mayors' Council of Guam. Unfortunately, the legislation was not entertained in Session prior to the conclusion of the 30<sup>th</sup> Guam Legislature although it has been publicly heard. We fully endorse and support the four (4) recommendations made by your office regarding future Liberation Day Committees and activities and we look forward to legislation that would place your recommendations in statute.

We would also like to suggest that there be a determination as to what actually is the Liberation Day Committee. Is it a non-profit organization or is it a quasi-government entity or is it a function that gets its authority simply from a Governor's Executive Order? The 2009 and 2010 Liberation Committee did not release funds to a Textbook Fund because, simply stated, we do not know where it exists. We assure you however that the Mayors' Council of Guam did follow the law in providing other non-profit entities with certain funds derived from the 2009 and 2010 Liberation Festivities. We were not given any guidance either from the Governor's Office or the Department of Revenue and Taxation as to the responsibilities of the Liberation Committee in the completion or submission of any

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Appendix 17:  
**MCOG Management Response**

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forms or reports. The Executive Director of the Mayors' Council of Guam who chaired both the 2009 and 2010 Liberation Festivities made his reports as an agenda item at our Regular Council Meetings during May to August 2009 and May to August, 2010.

Although it was our understanding by our Committee Chairs that all documents requested by the OPA were submitted, it is apparent by your report that this was not the case. We assure you, however, that all expenditures and receipts for the 2009 festivities are accounted for and the amount of \$7884.31 was carried over for the use of the 2010 Liberation Committee. We will provide the remaining documents that have not been forwarded by the 2009 Liberation Queen's and Raffle Committee at the same time that we submit the reports of the 2010 Liberation Festivities.

We thank you for meeting with us and making the recommendations for the future committees. We implore the Legislature to author these changes and equally implore the Governor of Guam to make the determination based on the current statute as to who will sponsor the 2011 Liberation festivities at the soonest.

You can be assured that if the Mayors' Council of Guam is again the sponsor of the 2011 Liberation Festivities that your negative findings of the 2004-2009 Committees will be corrected and your recommendations implemented fully.



ANGEL R. SABLAN  
Chairperson, 2009/10 Liberation Day Executive Committee



MAYOR MELISSA B. SAVARES  
President, Mayors' Council of Guam



Liberation Day Committee  
Funds and Activities  
Report No. 10-09, December 2010

## ACKNOWLEDGEMENTS

**Key contributions to this report were made by:**  
Rodalyn Marquez, CPA, CGFM, CIA, CGAP, Audit Supervisor  
Llewelyn Terlaje, CGAP, Auditor-in-Charge  
Clariza Roque, Audit Staff  
Doris Flores Brooks, CPA, CGFM, Public Auditor

## MISSION STATEMENT

**To improve the public trust,  
we audit, assess, analyze, and make recommendations  
for accountability, transparency,  
effectiveness, efficiency, and economy of the government of Guam  
independently, impartially, and with integrity.**

## VISION

**Guam is the model for good governance in the Pacific.**

## CORE VALUES

<b>Integrity</b>	<b>Independence</b>	<b>Impartiality</b>
<b>Accountability</b>	<b>Transparency</b>	

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- Visit our website at [www.guamopa.org](http://www.guamopa.org)
- Call our office at 475-0390
- Fax our office at 472-7951
- Or visit us at Suite 401, DNA Building in Hagåtña;

**All information will be held in strict confidence.**