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USA

February 22, 2016

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Board of Directors
Guam Visitors Bureau:

Dear Members of the Board of Directors:

We have performed an audit of the financial statements of the Guam Visitors Bureau (GVB) and its Special Tourist Attraction Fund Projects as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated February 22, 2016.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of GVB is responsible.

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

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated August 21, 2015. As described in that letter, the objectives of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on the fairness of each opinion unit in GVB's basic financial statements and the accompanying supplementary information and to disclaim an opinion on the required supplementary information for the year ending September 30, 2015 in conformity with accounting principles generally accepted in the United States of America, ("generally accepted accounting principles"), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements as a whole; and
- To report on GVB's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2015 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Directors are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to GVB's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of GVB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GVB's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GVB's 2015 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2015, there were no significant changes in accounting estimates or in management's judgments relating to such estimates.

UNCORRECTED MISSTATEMENTS AND OMITTED DISCLOSURE ITEMS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendix A to Attachment I, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we have attached to this letter, as Appendix B to Attachment I, a summary of omitted disclosure items aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

MATERIAL CORRECTED MISSTATEMENTS

Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. These corrected misstatements are listed in Attachment II and are reflected in the 2015 financial statements.

SIGNIFICANT ACCOUNTING POLICIES

GVB's significant accounting policies are set forth in Note 1 to GVB's 2015 financial statements. During the year ended September 30, 2015, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by GVB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The implementation of these statements did have a material effect on the financial statements resulting in the restatement of GVB's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. The implementation of GASB Statement No. 68 results in GVB reporting deferred inflows of resources of \$356,516 and a net pension liability of \$4,122,286 as of October 1, 2013. GVB's net position as of October 1, 2013 and GVB's statement of revenues, expenses and changes in net position for the year ended September 30, 2014 have been restated to reflect the required adjustments as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of October 1, 2013:			
Net position	\$ <u>17,564,478</u>	\$ <u>(3,765,770)</u>	\$ <u>13,798,708</u>
For the year ended September 30:			
Personnel expense	\$ <u>2,352,392</u>	\$ <u>(171,957)</u>	\$ <u>2,180,435</u>
Change in net position	\$ <u>(735,448)</u>	\$ <u>171,957</u>	\$ <u>(563,491)</u>
As of September 30:			
Deferred outflows of from pension	\$ <u>-</u>	\$ <u>415,911</u>	\$ <u>415,911</u>
Net pension liability	\$ <u>-</u>	\$ <u>(3,783,577)</u>	\$ <u>(3,783,577)</u>
Deferred inflows of from pension	\$ <u>-</u>	\$ <u>(226,147)</u>	\$ <u>(226,147)</u>
Net position	\$ <u>16,829,030</u>	\$ <u>(3,593,813)</u>	\$ <u>13,235,217</u>

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this statement did not have a material effect on the financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements of GVB.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have a material effect on the financial statements of GVB.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of GVB.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of GVB.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The provisions in Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.

The Board of Directors
Guam Visitor's Bureau
February 22, 2016

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OTHER INFORMATION IN THE ANNUAL REPORTS OF GVB

When audited financial statements are included in documents containing other information, such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that GVB issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in GVB's 2015 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Directors.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GVB's 2015 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2015.

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

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

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

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

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated February 22, 2016, on GVB's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*.

The Board of Directors
Guam Visitor's Bureau
February 22, 2016

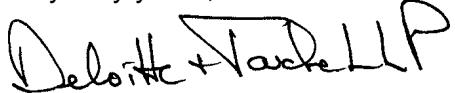
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We have communicated to management, in a separate letter also dated February 22, 2016, certain deficiencies and other matters related to GVB's internal control that we identified during our audit.

* * * * *

This report is intended solely for the information and use of the Board of Directors, the management and the Office of Public Accountability - Guam and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

Deloitte & Touche LLP



February 22, 2016

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

We are providing this letter in connection with your audits of the statements of net position/balance sheets of the Guam Visitors Bureau (GVB), a component unit of the Government of Guam (GovGuam), and its Special Tourist Attraction Fund Projects, as of and for the years ended September 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, of operations and changes in fund balance, and of cash flows for the years then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows of GVB in conformity with the accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the basic financial statements of financial position, in conformity with GAAP.
- b. The design, implementation, and maintenance of internal control:
 - Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - To prevent and detect fraud.
- c. Establishing and maintaining effective internal control over financial reporting.
- d. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statements preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for general purpose financial statements obtained from the Government Finance Officers Association.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm to the best of our knowledge and belief, the following representation made to you during your audit:

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:
 - a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
 - b. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
 - c. Deposits and investment securities are properly classified in the category of custodial credit risk.
 - d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
 - e. Required supplementary information is measured and presented within prescribed guidelines.
 - f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
 - g. Federal awards expenditures have been charged in accordance with applicable cost principles.
 - h. The financial statements properly classify all funds and activities, including special and extraordinary items.
 - i. All funds that meet the quantitative criteria in the GASB Codification of Government Accounting and Financial Reporting Standards ("GASB Codification") Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
 - j. Expenses have been appropriately classified in or allocated by object class or project in the statement of revenues, expenses and changes in net position and statement of operations and changes in fund balance; and allocations have been made on a reasonable basis.
 - k. Revenues are appropriately classified in the statement of revenues, expenses and changes in net position and statement of operations and changes in fund balance within operating revenues and non-operating revenues.
 - l. Interfund, internal and intra-Government activity and balances have been appropriately classified and reported.
 - m. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

2. GVB has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. GVB has provided or made available to you:
 - a. Public Laws as enacted by the Guam Legislature related to GVB.
 - b. All minutes of the Board meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Financial records and related data for all financial transactions of the GVB and for all funds administered by GVB. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GVB and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
 - d. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
4. There has been no:
 - a. Action taken by GVB management that contravenes the provisions of federal laws and Government of Guam laws and regulations, or of contracts and grants applicable to GVB.
 - b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole for each opinion unit. A summary of such uncorrected misstatements has been attached as Appendix A.
6. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we identified certain disclosures that, although required GAAP, have been omitted from our financial statements. Those omitted disclosures that are regarded as more than clearly trivial are attached as Appendix B. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.
7. Management has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in GVB and do not believe that the financial statements are materially misstated as a result of fraud.

8. We have no knowledge of any fraud or suspected fraud affecting the GVB involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others, where the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting GVB's financial statements communicated by employees, former employees, analysts, regulators, or others.
10. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.
11. Significant assumptions used by us in making accounting estimates are reasonable.
12. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
13. We have adopted the provisions of GASB Codification Section 2100, *Defining the Financial Reporting Entity*. We believe that we have properly identified and reported as a component unit of GVB, each organization that meets the criteria established in GASB Codification Section 2100.

Except where otherwise stated below, immaterial matters less than \$78,200 and \$12,420 in the GVB and Special Tourist Attraction Fund Projects respectively, collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

14. Except as listed in Appendix A, and Appendix B, there are no transactions that have not been properly recorded and reflected in the financial statements.
15. GVB has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
16. The following to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:
 - a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).
 - b. Guarantees, whether written or oral, under which GVB is contingently liable.

17. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
 - b. The effect of the change would be material to the financial statements.
18. There are no:
 - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
 - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as discussed in Note 8 to the financial statements.
19. GVB has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
20. GVB has complied with all aspects of contractual agreements that may affect the financial statements.
21. No department or agency of GVB has reported a material instance of noncompliance to us.
22. GVB has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
23. No events have occurred after September 30, 2015, but before February 22, 2016, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.
24. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information.
 - b. The required supplementary information is measured and presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

25. Regarding supplementary information:

- a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.
- c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

26. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statements of net position/balance sheet date and have been appropriately reduced to their estimated net realizable value.

27. During the year ended September 30, 2015, GVB implemented the following pronouncements:

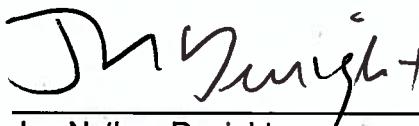
- a. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The implementation of these statements did have a material effect on the financial statements resulting in the restatement of GVB's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB Statement No. 68. The implementation of GASB Statement No. 68 results in GVB reporting deferred inflows of resources of \$356,516 and a net pension liability of \$4,122,286 as of October 1, 2013. GVB's net position as of October 1, 2013 and GVB's statement of revenues, expenses and changes in net position for the year ended September 30, 2014 have been restated to reflect the required adjustments as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
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Net position	\$ <u>17,564,478</u>	\$ <u>(3,765,770)</u>	\$ <u>13,798,708</u>
For the year ended September 30:			
Personnel expense	\$ <u>2,352,392</u>	\$ <u>(171,957)</u>	\$ <u>2,180,435</u>
Change in net position	\$ <u>(735,448)</u>	\$ <u>171,957</u>	\$ <u>(563,491)</u>
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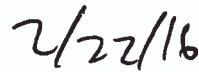
- b. GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The implementation of this statement did not have a material effect on the financial statements.
28. In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements of GVB.
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32. In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The provisions in Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.
33. In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.
34. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
35. GVB is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. It is the policy of the primary government not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, GVB management believes it is more economical to manage its risks internally. In the event of claim settlements and judgements, GVB reports all of its risk management activities in its operations fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these risks in any of the past three fiscal years.
36. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.
37. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by GVB has been discovered.
38. There are no control deficiencies in the design or operation of internal control over financial reporting that could adversely affect GVB's ability to initiate, record, process, and report financial information.
39. We are aware of the requirement to disclose to you any change in GVB's internal control over financial reporting that occurred during GVB's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, GVB's internal control over financial reporting. However, no such disclosure has been made as no changes in GVB's internal control over financial reporting have occurred.
40. We have communicated with the marketing committees and are unaware of any unreported in-kind contributions.

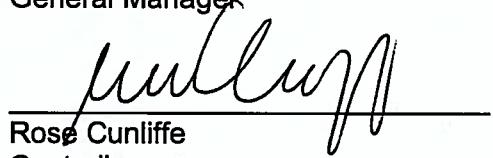
41. GVB is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
42. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.
43. We represent to you that, subsequent to September 30, 2015, there were no changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses).
44. GVB has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.
45. Money or similar assets handled by GVB on behalf of the Government of Guam have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.
46. GVB is involved in litigation, which is inherent to the operations of GVB. Management is of the opinion that liabilities of a material nature will not be realized.
47. During the year ended September 30, 2015, GVB received an appropriation for destination development of \$1,003,624. Management believes that the recording of this appropriation as revenue of the Special Tourist Attraction Fund Projects is appropriate as it represents the funding source for landscaping and beautification projects of Tumon Bay.



Jon Nathan Denight
General Manager



Date



Rose Cunliffe
Controller



Date

APPENDIX A

	Assets		Liabilities		Equity		Income	
	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)	Dr.	(Cr.)
To correct overstatement of accrued liabilities			182,138				(182,138)	
	-	-	182,138	-	-	-	-	(182,138)

APPENDIX B

SUMMARY OF UNCORRECTED DISCLOSURE MISSTATEMENTS					
Footnote Number	Disclosure title	Description of Disclosure Misstatement	Year Ended September 30, 2015	Amount	Total Amount of Disclosure Misstatement
N/A	Related Party Transactions	Certain board members own or manage businesses with which the Guam Visitors Bureau transacts in the normal course of operations.		\$332,917	\$332,917

Operations Fund

#	Name	Debit	Credit
1 AJE To adjust beginning net pension liability			
100-2222	Unfunded Retirement Liability	32,422	-
100-3110	Net Assets - Unrestricted	-	32,422
		<u>32,422</u>	<u>32,422</u>
2 AJE To record deferred inflows/outflows-pension			
100-2222	Unfunded Retirement Liability	-	48,933
GASB68-1	Deferred inflow of resources	-	52,066
GASB68-2	Deferred outflow of resources	100,999	-
		<u>100,999</u>	<u>100,999</u>
3 AJE To agree deferred inflows			
100-2222	Unfunded Retirement Liability	239,168	-
GASB68-1	Deferred inflow of resources	-	239,168
		<u>239,168</u>	<u>239,168</u>
4 AJE To record pension expense			
100-2222	Unfunded Retirement Liability	-	405,641
GASB68-3	Pension expense	405,641	-
		<u>405,641</u>	<u>405,641</u>
5 AJE To record CY contributions as deferred outflow			
GASB68-2	Deferred outflow of resources	448,171	-
100-5111-GASI	Employee Benefit - Retirement/Pension	-	448,171
		<u>448,171</u>	<u>448,171</u>
6 AJE To agree net pension liability			
100-2222	Unfunded Retirement Liability	172,568	-
GASB68-3	Pension expense	-	172,568
		<u>172,568</u>	<u>172,568</u>
7 AJE To adjust beginning			
100-3110	Net Assets - Unrestricted	-	189,764
GASB68-3	Pension expense	189,764	-
		<u>189,764</u>	<u>189,764</u>

TAF Special Projects Fund

None noted