

**MAYORS' COUNCIL OF GUAM
NON-APPROPRIATED FUNDS**

**STATEMENTS OF CASH DEPOSITS AND
DISBURSEMENTS
AND INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010



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Independent Auditors' Report

The Executive Officers
Mayors' Council of Guam

We have audited the accompanying statements of cash deposits and disbursements and changes in cash of the Mayors' Council of Guam Non-Appropriated Funds (the Fund) for the years ended September 30, 2011 and 2010. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

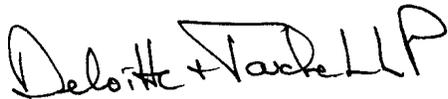
We were unable to verify the classification of \$125,614 of deposits and \$118,225 of disbursements for the year ended September 30, 2011 and the classification of \$204,952 of deposits and \$86,048 of disbursements for the year ended September 30, 2010.

As discussed in Note 1 to the financial statement, the financial statements referred to above were prepared on the basis of cash deposits and disbursements of the Fund, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and is not intended to present fairly the financial position and results of operations of the Fund in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to determine the classification of certain deposits and disbursements for the years ended September 30, 2011 and 2010, such financial statements present fairly, in all material respects, the cash deposits and disbursements of the Mayors' Council of Guam Non-Appropriated Funds for the years ended September 30, 2011 and 2010, on the basis of accounting described in note 1.

Our audit was conducted for the purpose of forming an opinion on the statement of cash deposits and disbursements of the Fund taken as a whole. The accompanying schedule on pages 4 through 6 is presented for purposes of additional analysis and is not a required part of the financial statements of the Fund. This schedule is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion except for the effects of such adjustments, if any, that might have been found to be necessary had we been able to determine the classification of certain deposits and disbursements, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the Mayors' Council of Guam Non-appropriated Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

January 4, 2013

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Statements of Cash Deposits and Disbursements and Changes in Cash Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Deposits:		
Grants:		
GVB branding initiatives	\$ -	\$ 275,000
GVB other grants	52,500	5,750
GovGuam	81,047	53,259
Other sources	2,000	500
Flea and night markets	124,654	108,595
Program registrations	64,910	54,418
Ticket sales	42,210	46,751
Liberation day proceeds	6,032	92,900
Others	195,985	99,322
Unclassified	-	204,952
	<u>569,338</u>	<u>941,447</u>
Total deposits		
Disbursements:		
Community programs and projects	189,817	137,865
Fiesta expenses	114,472	129,917
Equipment, supplies and materials	53,623	56,835
Contractual services	47,740	30,077
Sponsorships	44,930	38,253
Flea and night markets expenses	33,053	18,286
Community and office events	29,015	27,332
Food	28,582	27,906
Repairs and maintenance	27,919	25,062
Humanitarian assistance	25,868	37,035
Grants	24,000	38,000
Office expenses	23,015	-
Others	139,699	104,599
Unclassified	-	86,048
	<u>781,733</u>	<u>757,215</u>
Total disbursements		
Excess (deficiency) of deposits over (under) disbursements	(212,395)	184,232
Cash at beginning of year	<u>354,378</u>	<u>170,146</u>
Cash at end of year	<u>\$ 141,983</u>	<u>\$ 354,378</u>

See accompanying notes to statements of cash deposits and disbursements and changes in cash.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Notes to Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2011 and 2010

(1) Summary of Significant Accounting Policies

Organization

The Mayors' Council of Guam (the Council) was established through the enactment of Public Law 14-27, signed into law on May 26, 1977. The Council is comprised of the nineteen (19) Mayors and the five (5) Vice Mayors of the following municipalities: Agat, Asan–Maina, Barrigada, Chalan Pago-Ordot, Dededo, Hagatna, Inarajan, Mangilao, Merizo, Mongmong-Toto-Maite, Piti, Santa Rita, Sinajana, Talofofo, Tamuning-Tumon-Harmon, Umatac, Yigo and Yona.

Public Law 30-68 granted individual Mayors the authority to sponsor and approve concessions, festivals, fiestas, or other village events associated with the promotion of the Chamorro culture, tradition, heritage and tourism. The Mayor and the Municipal Planning Council (MPC) of each village are authorized to raise funds through advertising by commercial enterprises on the walls of their sports facilities, raising funds through fund-raising efforts, to include approving concessionaire activities within each Municipality as approved by its MPC, soliciting corporate sponsorships and to accept contributions that are solely beneficial to the sports facilities or village. Funds generated will be deposited in the MPC Funds of each village and will be used for the operation and maintenance of village facilities and to fund special projects identified by the MPCs. Authority to establish the non-appropriated funds is granted through the 5 GCA § 40135.

The accompanying financial statement relates solely to the activities of the Mayors' Council of Guam and the nineteen (19) municipalities' non-appropriated funds (the Fund) and do not incorporate any other activities of the Council and the nineteen municipalities.

Accounting Policies

The accompanying statement of cash deposits and disbursements is prepared on a cash basis of accounting. Revenues are recognized when cash is received and expenses are recorded when cash is disbursed.

Cash

The Fund considers cash to represent cash in banks. At September 30, 2011 and 2010, the carrying amount of the Fund's cash balances were \$141,983 and \$354,378, respectively, and the corresponding bank balances were \$147,106 and \$359,526, respectively. The Fund's cash balance in bank of \$147,106 and \$359,526 as of September 30, 2011 and 2010, respectively, is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2011 and 2010, bank deposits in the amount of \$147,106 and \$359,526, respectively, were FDIC insured.

Grant Support

The Fund receives grants from the Guam Visitors Bureau (GVB) and the Government of Guam (GovGuam) to support village mayors in their various community programs, projects and events.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Notes to Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2011 and 2010

(1) Summary of Significant Accounting Policies, Continued

Grant Support, Continued

The following information summarizes the Fund's grant activity during the years ended September 30, 2011 and 2010:

<u>Source</u>	<u>2011</u>	<u>2010</u>
GVB:		
Village fiestas/festivals	\$ 52,500	\$ 5,750
Branding initiatives	-	275,000
GovGuam – Department of Youth Affairs:		
Summer camp programs	47,047	53,259
Liberation day festivities	34,000	-
Others	<u>2,000</u>	<u>500</u>
	<u>\$135,547</u>	<u>\$334,509</u>

For the year ended September 30, 2010, the Council received \$275,000 from GVB, pursuant to Public Law 30-22, to support village mayors in the various community brand-building initiatives, and in appreciation for their important role in facilitating these initiatives. As of September 30, 2011, the remaining balance from the branding initiative grant is \$23,000.

Reclassifications

Certain 2010 balances have been reclassified to conform to the 2011 financial statement presentation.

Subsequent Events

The Fund has considered subsequent events through January 4, 2013, the date on which the financial statements are available to be issued. The Fund has not identified any subsequent events that required adjustment to or disclosure in the financial statement as of September 30, 2011.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Supplementary Combining Statements of Cash Deposits
and Disbursements and Changes in Cash
Years Ended September 30, 2011 and 2010

	MCOG Revolving Fund	Agana Heights	Agat	Asan- Maina	Barrigada	Chalan Pago- Ordot	Dededo
Deposits:							
Civil weddings	\$ 2,000	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ 1,000
Commission	-	-	5,863	-	1,085	-	-
Donations	-	-	3,703	2,000	1,200	50	100
Dues	10,844	-	-	-	-	-	-
Facility use	-	-	1,000	-	-	750	13,700
Fiesta concessions	-	-	22,220	-	5,212	-	849
Flea and night markets	-	-	12,201	-	-	-	106,275
Fundraisings	4,543	-	-	-	-	-	-
Grants:							
GVB branding initiatives	-	-	-	-	-	-	-
GVB other grants	-	-	25,000	-	-	-	-
GovGuam	81,047	-	14,151	-	-	-	17,896
Others	-	-	-	-	-	-	-
Liberation day proceeds	3,820	-	-	-	-	-	-
Maintenance services	-	-	-	-	-	-	-
Others	100	-	820	132	233	-	35
Program registrations	-	-	4,130	-	-	11,105	4,275
Reimbursements	-	-	-	-	-	-	-
Ticket sales	4,799	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
Total deposits	107,153	-	89,338	2,132	7,730	11,905	144,130
Disbursements:							
Bank charges	-	-	15	36	-	-	36
Civil weddings	2,100	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-
Community events	-	-	-	-	-	184	5,139
Community programs	-	-	9,273	-	-	7,120	12,160
Community projects	4,408	-	930	400	70	-	97,276
Contractual services	-	-	1,450	-	-	-	7,530
Donations	12,099	-	692	-	-	1,050	246
Equipment	-	-	150	-	2,247	-	22,160
Flea market expenses	-	-	-	-	-	-	27,678
Fiesta expenses	-	-	39,929	-	1,456	-	300
Food	6,688	-	55	-	217	-	3,204
Grants:							
Municipalities - GovGuam grants	47,047	-	-	-	-	-	-
Municipalities - GVB branding initiatives	4,000	-	-	-	-	-	-
Liberation Day Committee Fund	20,000	-	-	-	-	-	-
Others - GVB branding initiatives	4,000	-	-	-	-	-	-
Humanitarian assistance	773	-	3,400	-	-	-	15,200
Liberation day proceeds expenses	-	-	-	-	-	-	-
Liberation day expenses	-	-	1,338	-	269	-	2,596
Office events	15,590	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	23,015
Others	4,926	-	25,024	205	559	2,606	18,429
Prizes	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	3,661
Repairs and maintenance	-	-	3,312	-	918	-	7,255
Salaries and wages	-	-	-	-	-	-	-
Sponsorships	15,194	-	3,771	200	220	-	13,798
Sports activities	-	-	-	-	-	-	17,015
Supplies and materials	-	-	465	2,240	812	-	2,266
Ticket sales remittance	-	-	-	-	-	-	-
Travel	-	-	-	-	285	-	-
Unclassified	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Total disbursements	136,825	-	89,804	3,081	7,053	10,960	278,964
Excess (deficiency) of deposits over (under) disbursements	(29,672)	-	(466)	(949)	677	945	(134,834)
Cash at beginning of year	78,396	-	5,501	1,929	5,562	3,040	142,142
Cash at end of year	\$ 48,724	\$ -	\$ 5,035	\$ 980	\$ 6,239	\$ 3,985	\$ 7,308

See accompanying independent auditors' report.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Supplementary Combining Statements of Cash Deposits
and Disbursements and Changes in Cash, Continued
Years Ended September 30, 2011 and 2010

	Hagatna	Inarajan	Mangilao	Merizo	MongMong- Toto-Maite	Piti	Santa Rita
Deposits:							
Civil weddings	\$ -	\$ -	\$ 300	\$ 50	\$ -	\$ -	\$ 100
Commission	-	-	-	-	-	-	-
Donations	-	100	350	-	-	2,400	2,450
Dues	-	-	-	-	-	-	-
Facility use	768	-	-	-	-	50	670
Fiesta concessions	-	1,800	-	7,957	-	-	6,200
Flea and night markets	-	-	6,178	-	-	-	-
Fundraisings	-	4,077	-	4,503	-	-	-
Grants:							
GVB branding initiatives	-	-	-	-	-	-	-
GVB other grants	-	3,750	5,000	10,000	-	-	5,000
GovGuam	-	-	-	-	-	-	-
Others	-	2,000	-	-	-	-	-
Liberation day proceeds	-	-	-	-	-	-	2,212
Maintenance services	-	-	-	3,900	-	-	-
Others	-	697	13,197	5,678	486	3,804	1,370
Program registrations	-	-	-	-	-	-	2,300
Reimbursements	-	4,412	-	-	-	-	-
Ticket sales	-	-	-	21,690	-	451	-
Unclassified	-	-	-	-	-	-	-
Total deposits	768	16,836	25,025	53,778	486	6,705	20,302
Disbursements:							
Bank charges	36	124	-	-	-	-	-
Civil weddings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Communication	-	-	657	-	-	-	-
Community events	-	838	-	-	-	-	-
Community programs	-	5,088	-	5,300	-	700	-
Community projects	10,667	-	5,850	2,194	-	-	3,449
Contractual services	-	-	-	-	-	2,000	-
Donations	-	-	-	2,125	486	-	200
Equipment	-	-	1,250	519	-	-	1,523
Flea market expenses	-	-	5,375	-	-	-	-
Fiesta expenses	-	4,651	7,715	40,655	-	-	7,076
Food	-	-	1,140	6,126	-	401	513
Grants:							
Municipalities - GovGuam grants	-	-	-	-	-	-	-
Municipalities - GVB branding initiatives	-	-	-	-	-	-	-
Liberation Day Committee Fund	-	-	-	-	-	-	-
Others - GVB branding initiatives	-	-	-	-	-	-	-
Humanitarian assistance	-	1,181	500	2,100	-	-	-
Liberation day proceeds expenses	-	-	-	-	-	-	-
Liberation day expenses	-	-	100	-	-	-	-
Office events	-	-	1,970	-	-	-	-
Office expenses	-	-	-	-	-	-	-
Others	-	2,617	1,888	410	-	495	5,906
Prizes	-	-	214	-	-	-	-
Reimbursements	-	-	-	-	-	-	670
Rental	-	-	-	-	-	-	-
Repairs and maintenance	-	-	600	1,560	-	-	1,328
Salaries and wages	-	-	-	-	-	-	-
Sponsorships	-	1,700	2,060	1,162	-	-	280
Sports activities	-	-	-	-	-	-	-
Supplies and materials	-	-	3,348	818	-	111	1,596
Ticket sales remittance	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
Utilities	-	-	409	581	-	-	-
Total disbursements	10,703	16,199	33,076	63,550	486	3,707	22,541
Excess (deficiency) of deposits over (under) disbursements	(9,935)	637	(8,051)	(9,772)	-	2,998	(2,239)
Cash at beginning of year	19,849	5,297	20,084	24,140	-	1,008	3,988
Cash at end of year	\$ 9,914	\$ 5,934	\$ 12,033	\$ 14,368	\$ -	\$ 4,006	\$ 1,749

See accompanying independent auditors' report.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Supplementary Combining Statements of Cash Deposits
and Disbursements and Changes in Cash, Continued
Years Ended September 30, 2011 and 2010

								Total	
	Sinajana	Talofofo	Tamuning- Tumon- Harmon	Umatac	Yigo	Yona	Eliminations	2011	2010
Deposits:									
Civil weddings	\$ -	\$ -	\$ -	\$ -	\$ 700	\$ -	\$ (2,100)	\$ 2,300	\$ -
Commission	-	-	-	-	110	-	-	7,058	5,075
Donations	-	-	-	-	19,883	-	-	32,236	22,383
Dues	-	-	-	-	-	-	-	10,844	9,945
Facility use	3,000	-	-	-	-	-	-	19,938	22,037
Fiesta concessions	-	1,050	-	6,211	-	-	-	51,499	29,298
Flea and night markets	-	-	-	-	-	-	-	124,654	108,595
Fundraisings	-	-	-	4,000	-	-	-	17,123	4,810
Grants:									
GVB branding initiatives	-	-	4,000	-	-	-	(4,000)	-	275,000
GVB other grants	-	-	-	3,750	-	-	-	52,500	5,750
GovGuam	15,000	-	-	-	-	-	(47,047)	81,047	53,259
Others	-	-	-	-	-	-	-	2,000	500
Liberation day proceeds	-	-	-	-	-	-	-	6,032	92,900
Maintenance services	-	-	-	-	-	-	-	3,900	3,850
Others	308	8,790	6,440	1,500	2,385	700	-	46,675	1,924
Program registrations	28,000	-	-	-	15,100	-	-	64,910	54,418
Reimbursements	-	-	-	-	-	-	-	4,412	-
Ticket sales	-	15,270	-	-	-	-	-	42,210	46,751
Unclassified	-	-	-	-	-	-	-	-	204,952
Total deposits	46,308	25,110	10,440	15,461	38,178	700	(53,147)	569,338	941,447
Disbursements:									
Bank charges	-	-	-	-	-	117	-	364	842
Civil weddings	-	-	-	-	-	-	(2,100)	-	-
Commission	-	8,916	-	-	-	-	-	8,916	-
Communication	-	-	-	-	-	-	-	657	395
Community events	-	294	-	-	-	-	-	6,455	11,922
Community programs	2,475	-	-	-	19,147	-	-	61,263	68,280
Community projects	-	800	2,010	-	500	-	-	128,554	69,585
Contractual services	27,350	520	2,315	6,575	-	-	-	47,740	30,077
Donations	20	830	100	-	350	-	-	18,198	19,825
Equipment	600	-	-	-	146	1,440	-	30,035	26,471
Flea market expenses	-	-	-	-	-	-	-	33,053	18,286
Fiesta expenses	-	12,690	-	-	-	-	-	114,472	129,917
Food	4,618	892	3,486	-	1,242	-	-	28,582	27,906
Grants:									
Municipalities - GovGuam grants	-	-	-	-	-	-	(47,047)	-	-
Municipalities - GVB branding initiatives	-	-	-	-	-	-	(4,000)	-	-
Liberation Day Committee Fund	-	-	-	-	-	-	-	20,000	-
Others - GVB branding initiatives	-	-	-	-	-	-	-	4,000	38,000
Humanitarian assistance	860	354	-	-	1,500	-	-	25,868	37,035
Liberation day proceeds expenses	-	-	-	-	-	-	-	-	11,120
Liberation day expenses	-	-	-	-	-	-	-	4,303	10,948
Office events	-	-	-	-	5,000	-	-	22,560	15,410
Office expenses	-	-	-	-	-	-	-	23,015	-
Others	969	3,047	658	9,336	5,480	-	-	82,555	28,167
Prizes	-	-	-	-	-	-	-	214	2,458
Reimbursements	-	-	-	-	-	-	-	670	4,031
Rental	-	-	-	-	-	-	-	3,661	705
Repairs and maintenance	665	-	4,699	-	2,225	5,357	-	27,919	25,062
Salaries and wages	-	-	-	-	1,200	-	-	1,200	-
Sponsorships	3,427	-	988	250	1,880	-	-	44,930	38,253
Sports activities	-	-	-	-	-	-	-	17,015	10,532
Supplies and materials	5,186	-	1,080	-	5,666	-	-	23,588	30,364
Ticket sales remittance	-	-	-	-	-	-	-	-	11,600
Travel	-	-	200	-	-	-	-	485	2,809
Unclassified	-	-	-	-	-	-	-	-	86,048
Utilities	-	-	471	-	-	-	-	1,461	1,167
Total disbursements	46,170	28,343	16,007	16,161	44,336	6,914	(53,147)	781,733	757,215
Excess (deficiency) of deposits over (under) disbursements	138	(3,233)	(5,567)	(700)	(6,158)	(6,214)	-	(212,395)	184,232
Cash at beginning of year	-	4,809	6,271	715	25,433	6,214	-	354,378	170,146
Cash at end of year	\$ 138	\$ 1,576	\$ 704	\$ 15	\$ 19,275	\$ -	\$ -	\$ 141,983	\$ 354,378

See accompanying independent auditors' report.