



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

32-13-961

Office of the Speaker
Judith T. Won Pat, Ed.D.

Date: 11-7-13
Time: 8:22am
Received by: [Signature]

November 5, 2013

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'Trentai Dos Na Liheslaturan Guåhan
155 Hesler Place
Hagatna, Guam 96910

Dear Speaker Won Pat:

Hafa Adai! Transmitted herewith is the Fiscal Year (FY) 2012 Consolidated Mayors' Council of Guam and 19 Villages – Non-Appropriated Funds audited Statement of Cash Deposits and Disbursements, Report on Compliance and Internal Controls, Management Letter, and Letter to Those Charged with Governance. Separate management letters were issued to each mayor. You may view the management letter of each village mayor on our website. Attached are our highlights of the audit report.

For your convenience, you may also view and download the reports in their entirety at www.guamopa.org.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor

RECEIPT ACKNOWLEDGED:

GUAM LEGISLATIVE
CENTRAL FILES

By: _____

Date: _____

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

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

YEARS ENDED SEPTEMBER 30, 2012 AND 2011



Deloitte & Touche LLP
361 S. Marine Corps Drive
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USA

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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, 2012 and 2011. 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.

Except as discussed in the third paragraph below, 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 \$59,119 of deposits and \$37,567 of disbursements for the year ended September 30, 2012 and the classification of \$125,614 of deposits and \$118,225 of disbursements for the year ended September 30, 2011.

As discussed in note 1 to the financial statements, the Fund's financial statements referred to above were prepared on the cash basis, 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, 2012 and 2011, 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, 2012 and 2011, on the basis of accounting described in note 1.



Mayors' Council of Guam - Non-Appropriated Funds FY 2012 Financial Highlights

November 5, 2013

The Mayor's Council of Guam (MCOG) and all mayors' Non-Appropriated Funds (NAFs) ended fiscal year (FY) 2012 with a qualified opinion on its statement of cash deposits and disbursements as a result of their inability to verify \$59,119 of deposits and \$37,567 of disbursements. This is an improvement over FY 2011 where \$126 thousand (K) of deposits and \$118K of disbursements could not be verified. Separate management letters were issued to each mayor and the MCOG. The findings identified in FY 2012 were similar to those in the FY 2011 audits. The village of Barrigada had no findings and is to be commended for this accomplishment.

Receipts and Disbursements

The MCOG NAF collectively received \$668K in FY 2012, increasing by \$99K or 17% from \$569K in FY 2011. Funds came from a variety of activities held at the villages such as the flea/night markets (\$134K or 20%), senior citizens operations (\$82K or 12%), program registrations (\$75K or 12%), fiesta proceeds (\$63K or 9%), grants (\$64K or 10%), Liberation Day proceeds (\$53K or 8%), donations (\$46K or 7%), ticket sales (\$41K or 6%), and fundraisings (\$25K or 4%). The MCOG, as a body, has its own NAF and serves as the pass through agency for grants to be distributed to the different villages. In FY 2012, the MCOG received \$64K in grant funds, compared to \$136K the prior year.

Individually, the top five villages in NAF receipts were Dededo at \$176K, Agat at \$81K, Merizo at \$60K, Sinajana at \$55K, and Yigo at \$46K. There were 11 villages with NAF receipts below \$30K each, of which five villages each generated less than \$10K. The activities of Agana Heights is handled through a separate non-profit organization therefore no deposits or disbursements are shown. In general, receipts at the village level increased for most villages and other villages' receipts did not decrease significantly.

The MCOG NAF collectively disbursed \$585K in FY2012, decreasing by \$197K or 25% from \$782K in FY 2011. Community projects disbursements had the largest decrease of \$92K or 72%, from \$129K in FY 2011 to \$36K. This was followed by flea market expenses of \$16K or 48% from \$33K in FY 2011 to \$17K and fiesta expenses of \$29K or 22% from \$129K to \$100K.

Management Letters

Management letters were issued to each of the mayors along with the MCOG that identified deficiencies similar to FY 2011. The MCOG and 15 of the 19 villages were cited with non-compliance to Government of Guam's Procurement Rules and Regulations. The other common deficiencies included receipts not being issued for funds/cash received, lack of supporting documentation for deposits and disbursements, checks being made payable to "Cash," lack of documentation for disbursements, and no

process in place to classify and summarize transactions to provide an accurate financial statement. While we acknowledge the skill sets of the employees at the mayors' offices vary, OPA continues to suggest that MCOG central personnel be trained in basic bookkeeping and accounting to assist the mayors in their financial reporting requirements. The acquisition of an accounting software program such as QuickBooks would simplify these reporting requirements.

Compliance with GovGuam Procurement Regulations

Absent an established procurement policy and legislative exemption all NAF disbursements are subject to GovGuam Procurement Regulations.

Monitoring of Non-Profit Organizations

In order to mitigate potential lawsuits, auditors continue to recommend that a standard operating policy be put in place for mayors to utilize when dealing with non-profit organizations that use mayoral properties such as the community centers. We applaud the efforts of some mayors who have taken a proactive approach by creating their own checklist to ensure that non-profit organizations are legally established.

Senior Citizen Center Operations

During FY 2012, the mayors took on the added responsibilities of overseeing, running, and managing the senior citizen center operations. All income derived during senior citizens operations (8am – 4pm) is program income and therefore subject to federal regulations. Correspondingly, disbursements from program income are subject to federal procurement regulations. Certain past “customary” disbursements are not authorized. Bingo is the only approved gaming function allowed on mayoral properties.

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



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October 23, 2013

The Executive Officers
Mayors' Council of Guam

Dear Sir/Madam:

We have performed an audit of the financial statements of the Mayors' Council of Guam Non-Appropriated Funds (the Fund) as of and for the year ended September 30, 2012, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated October 23, 2013, which report was qualified as we were unable to verify the classification of certain deposits and disbursements.

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 the Fund is responsible.

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

Our responsibility under generally accepted auditing standards and the 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 January 3, 2013. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the Fund's financial statements for the year ended September 30, 2012 in conformity with the cash basis of accounting;
- To express an opinion on whether the supplementary information that accompanies the financial statements is presented fairly, in all material respects, in relation to the financial statements as a whole;
- To report on the Fund'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, 2012 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 by management are presented fairly, in all material respects, in conformity with the cash basis of accounting. The audit of the financial statements does not relieve management of their responsibilities.

We considered the Fund's 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 do not express an opinion on the effectiveness of the Fund's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily 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. During the year ended September 30, 2012, we are not aware of any significant accounting estimates reflected in the Fund's financial statements.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The misstatements included in Appendix I were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period.

In addition, we have attached to this letter, as Appendix II, a summary of uncorrected misstatements (regardless of whether they have a significant effect on the financial reporting process) 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.

SIGNIFICANT ACCOUNTING POLICIES

The Fund's significant accounting policies are set forth in Note 1 to the Fund's 2012 financial statements.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Fund's 2012 financial statements.

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 2012.

MANAGEMENT'S REPRESENTATIONS

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

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions 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 the Fund's management and staff and had unrestricted access to the Fund's senior management in the performance of our audit.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated October 23, 2013, on the Fund's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters which was based upon the audit performed in accordance with *Government Auditing Standards*.

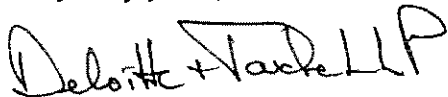
We have communicated to management, in a separate letter also dated October 23, 2013, deficiencies and other matters that we identified during our audit.

* * * * *

This report is intended solely for the information and use of the management of Mayors' Council of Guam 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.

We wish to thank the staff and management of the Fund for their cooperation and assistance during the course of this engagement.

Very truly yours,

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

Mayors' Council of Guam Non-Appropriated Funds
Summary of Uncorrected Misstatements
September 30, 2012

	<u>Assets</u>	<u>Liabilities</u>	<u>Beginning</u>	<u>Income</u>
	<u>Dr (Cr)</u>	<u>Dr (Cr)</u>	<u>Fund Balance</u>	<u>Statement</u>
			<u>Dr (Cr)</u>	<u>Dr (Cr)</u>
1. Dededo	4,203.00		(3,643.00)	(560.00)
Total Uncorrected Misstatements	<u>4,203.00</u>	<u>-</u>	<u>(3,643.00)</u>	<u>(560.00)</u>

APPENDIX II

Mayors' Council of Guam Non-appropriated Funds
 Proposed Audit Adjustments
 September 30, 2012

District	AJE #	Accounts	Debit	Credit
Mangilao	1.	To adjust receipts.		
		Donations (cash)	-	(100.00)
		Donations (in-kind)	500.00	
		Facility use donations	575.00	
		Fiesta concessions	3,273.50	
		Flea market/night markets	-	(715.88)
		Fundraising activities	-	(1,784.00)
		Liberation day proceeds	-	(3,252.00)
		Grants	-	(5,000.00)
		Civil weddings	-	(1,800.00)
		Others	1,050.00	
		Cash	7,253.38	
			<u>12,651.88</u>	<u>(12,651.88)</u>
	2.	To adjust disbursements.		
		Contractual services	-	(6,000.00)
		Supplies and materials	-	(135.27)
		Equipment	965.61	-
		Concessions refund	1,500.00	-
		Repairs and maintenance	3,929.37	-
		Flea market expenses	950.00	-
		Community projects	3,595.39	-
		Fiesta expenses	5,180.00	-
		Food items	-	(767.88)
		Humanitarian assistance	-	(212.00)
		Liberation day expenses	626.86	-
		Sponsorships	-	(159.00)
		Civil wedding fees	1,000.00	-
		Others	-	(2,865.42)
		Cash	-	(7,607.66)
			<u>17,747.23</u>	<u>(17,747.23)</u>
Umatac	1.	To adjust receipts.		
		Grants - GVB		(2,500.00)
		Fundraising activities	3,000.00	
		UMPC Bid Payments	2,085.00	
		UMPC Bid Payments		(2,565.00)
		Cash		(20.00)
			<u>5,085.00</u>	<u>(5,085.00)</u>
	2.	To adjust disbursements.		
		Supplies and materials	598.00	
		Entertainment/Advertisement		(3,535.00)
		Unclassified	2,900.00	
		Cash	37.00	
			<u>3,535.00</u>	<u>(3,535.00)</u>



Mayors' Council of Guam

Konsehelon Mahor Gudhan

October 23, 2013

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

Gentlemen:

We are providing this letter in connection with your audits of the statements of deposits and disbursements of the Mayors' Council of Guam Non-appropriated Funds (the Fund) for the years ended September 30, 2012 and 2011 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the results of operations of the Fund prepared on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The fair presentation in the financial statements of the results of operations of the Fund prepared on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.
- b. The fair presentation of the supplementary information accompanying the financial statements and additional information accompanying the financial statements that is presented for the purpose of additional analysis of the financial statements.
- b. The design and implementation of programs and controls to prevent and detect fraud.
- c. Establishing and maintaining effective internal control over financial reporting.

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

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

1. Except for the effect of adjustments, if any, as might have been determined to be necessary had you been able to determine the classification of \$59,119 of deposits and \$37,567 of disbursements for the year ended September 30, 2012 and the classification of \$125,614 of deposits and \$118,225 of disbursements for the year ended September 30, 2011, the financial statements referred to above are fairly presented on the basis of cash deposits and disbursements, which is a comprehensive basis of accounting other than GAAP.



Deloitte & Touche LLP
October 23, 2013
Page 2

2. The Fund has provided to you all relevant information and access as agreed in the terms of the audit engagement letter, including:
 - a. Financial records and related data for all financial transactions of the Fund. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Fund 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 statement has been prepared.
3. 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. A summary of such uncorrected misstatements has been attached as Appendix A.
4. The Fund has not performed a formal 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 the Fund and do not believe that the financial statements are materially misstated as a result of fraud.
5. We have no knowledge of any fraud or suspected fraud affecting the Fund involving (1) management, (2) employees who have significant roles in the Fund's internal control over financial reporting, or (3) others where the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Fund received in communications from employees, former employees or others.
7. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
8. There are no unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 450, *Contingencies* (formerly FASB Statement No. 5, Accounting for Contingencies).
9. The Fund did not utilize legal services for any purpose during the fiscal years ended September 30, 2012 and 2011 and to the date of this letter.

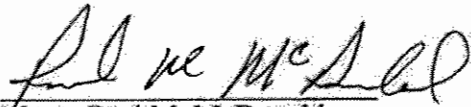
Except where otherwise stated below, matters less than \$5,140 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

10. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statement.
11. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

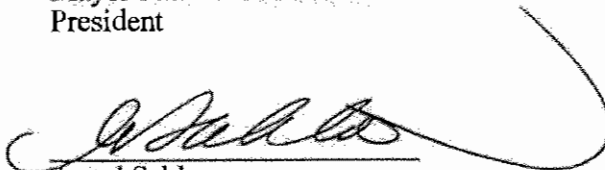
Deloitte & Touche LLP
October 23, 2013
Page 3

- 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 the Fund is contingently liable.
12. The Fund has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
13. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.
14. The Fund 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.
15. We have complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.
16. Regarding supplementary information:
- a. We are responsible for the fair presentation of the supplementary information in accordance with the basis of cash deposits and disbursements.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with the basis of cash deposits and disbursements.
 - c. The method of measurement and presentation of the supplementary information has not changed from those used in the prior period.
17. No events have occurred after September 30, 2012 but before October 23, 2013, the date the financial statement was available to be issued that require adjustment to, or disclosure in, the financial statement.

Very truly yours,



Mayor Paul M. McDonald
President



Angel Sablan
Executive Director

October 23, 2013

Mayor Paul M. McDonald
President
Mayors' Council of Guam

Dear Mayor McDonald:

In planning and performing our audit of the financial statements of the Mayors' Council of Guam Non-Appropriated Funds (the Fund) as of and for the year ended September 30, 2012 (on which we have issued our report dated October 23, 2013), 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, we considered the Fund's 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 do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting. However, in connection with our audit, we identified, and included in the attached Appendix I, deficiencies related to the Mayors' Council of Guam Non-Appropriated Fund's internal control over financial reporting and other matters as of September 30, 2012 that we wish to bring to your attention.

The definition of a deficiency is also set forth in the attached Appendix I.

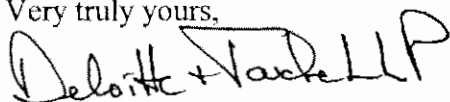
A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

This report is intended solely for the information and use of the Mayors' Council of Guam, management, others within the organization 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.

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

We wish to thank the staff and management of the Mayors' Council of Guam for their cooperation and assistance during the course of this engagement.

Very truly yours,

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

SECTION I – DEFICIENCIES

We identified, and have included below, deficiencies involving the Mayors' Council of Guam Non-Appropriated Fund's internal control over financial reporting as of September 30, 2012 that we wish to bring to your attention:

1. Disbursements Payable to Cash

Twenty disbursements totaling \$7,100 were issued payable to "Cash".

We recommend that disbursements payable to "Cash" not be utilized to the extent possible.

2. Disbursements Authorization

Only one signature is required for disbursements.

The Council should consider requiring two signatures for disbursements in excess of \$100.

3. Formal Process of Summarizing Transactions

A process of summarizing receipt and disbursement transactions to provide accurate financial statement reporting is not in place.

We recommend that a process be established for summarizing receipts and disbursements for financial statement reporting purposes. Further, we recommend that a formal chart of accounts be established.

4. Compliance with Applicable Procurement Rules and Regulations

Of twelve disbursements tested aggregating \$35,758, two items (ref. check #s 450 and 454) totaling \$15,150 were not supported by comparative prices. While, the Mayors' Council of Guam seeks to obtain comparative prices for NAF disbursements, a formal procurement policy has not been established.

We recommend the Council clarify with the Guam Legislature the applicability of Guam procurement rules and regulations to NAF disbursements. We further recommend that the Council establish a procurement policy governing NAF that will be consistently and uniformly used by all nineteen districts.

5. Monitoring of Non-Profit Organizations

A formal process to monitor non-profit organizations utilizing the Council's facility is not in place.

We recommend that the Council establish formal procedures to monitor non-profit organizations utilizing the Council and Mayoral facilities for compliance with Department of Revenue and Taxation filings.

SECTION II – OTHER MATTERS

We also identified, and have included below, other matters involving the Mayors' Council of Guam Non-Appropriated Fund's internal control over financial reporting as of September 30, 2012, that we wish to bring to your attention.

1. Receipts

During tests of receipts, the following were noted:

- a. Receipts are not consistently issued for all funds/cash received.
- b. The cash receipts log does not include the receipt date.

We recommend that receipts be issued for all funds received, regardless of activity or amount. In the event that this process becomes impracticable, we recommend that a cash receipts log or an equivalent record be maintained to track funds received. The log/record should contain information as to the source, date of receipt, nature and amount of funds received.

2. Disbursements

Of twelve disbursements tested aggregating \$35,758, the following were noted:

1. The supporting invoices, billings or the equivalent for two checks (ref. check #s 450 and 454) totaling \$15,150 were not provided.
2. The requests for financial support, sponsorship forms or the equivalent for two items (check #s 527 and 547) totaling \$6,000 were not provided.

We recommend that disbursements be supported by invoices, billings and other relevant documents. Further, we recommend that these documents be available on file.

SECTION III – DEFINITIONS

The definition of a deficiency that is established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, is as follows:

A *deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management's Responsibility

Management is responsible for the overall accuracy of the financial statements and their conformity with accounting principles used to prepare the financial statements. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

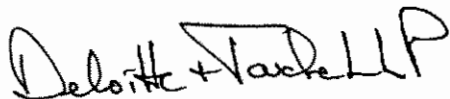
Internal control over financial reporting is a process affected by those charged with governance, management, and other personnel and designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting (i.e., the preparation of reliable financial statements that are fairly presented in conformity with accounting principles used to prepare the financial statements).

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary combining statements of cash deposits and disbursements and changes in cash on pages 4 through 6 and the supplementary statements of cash deposits and disbursements and changes in cash on pages 7 through 25 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects 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, 2012 and 2011, the supplementary combining statements of cash deposits and disbursements and changes in cash and supplementary statements of cash deposits and disbursements and changes in cash are fairly stated in all material respects in relation to the financial statements as a whole.

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

October 23, 2013

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Flea and night markets	\$ 134,220	\$ 124,654
Senior Center operations	82,080	-
Program registrations	75,305	64,910
Grants:		
GVB	41,750	52,500
GovGuam	16,628	81,047
Others	5,537	2,000
Fiesta proceeds	62,547	51,499
Liberation Day proceeds:		
Liberation Day sponsor's commission	38,000	-
Candidate sponsor's commission	10,286	8,075
Others	4,900	3,820
Donations	45,890	32,236
Ticket sales	40,750	37,411
Facility use	25,214	19,938
Fundraising	25,139	17,123
Others	51,297	74,125
Unclassified	8,460	-
	<u>668,003</u>	<u>569,338</u>
Disbursements:		
Fiesta expenses	99,978	128,834
Sponsorships	49,362	44,930
Community programs	44,616	56,455
Senior Center operations expenses	38,387	-
Community projects	36,382	128,554
Food	33,913	26,829
Contractual services	32,178	47,740
Repairs and maintenance	31,569	26,359
Supplies and materials	30,410	25,034
Donations	23,719	18,198
Humanitarian assistance	22,179	25,868
Equipment	18,324	30,264
Flea market expenses	17,281	33,053
Office events	16,310	22,560
Community events	10,363	6,455
Grants:		
Liberation Day Committee Fund	-	20,000
Others - GVB branding initiatives	-	4,000
Others	46,251	136,600
Unclassified	33,567	-
	<u>584,789</u>	<u>781,733</u>
Excess (deficiency) of deposits over (under) disbursements	83,214	(212,395)
Cash at beginning of year	<u>141,983</u>	<u>354,378</u>
Cash at end of year	<u>\$ 225,197</u>	<u>\$ 141,983</u>

See accompanying notes to financial statements.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Notes to Financial Statements
Years Ended September 30, 2012 and 2011

(1) Summary of Significant Accounting Policies

Organization

The Mayors' Council of Guam (the Council or MCOG) 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: Agana Heights, Agat, Asan-Maina, Barrigada, Chalan Pago-Ordot, Dededo, Hagatna, Inarajan, Mangilao, Merizo, Mongmong-Toto-Maite, Piti, Santa Rita, Sinajana, Talofoto, 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; and 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 statements relate solely to the activities of the Council and the nineteen municipalities' non-appropriated funds (the Fund) and do not incorporate any other activities of the Council and the nineteen municipalities.

Accounting Policies

The accompanying statements of cash deposits and disbursements are prepared on the 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, 2012 and 2011, the carrying amount of the Fund's cash balances were \$225,197 and \$141,983, respectively, and the corresponding bank balances were \$224,836 and \$147,106, respectively. The Fund's cash in bank balance of \$224,836 and \$147,106 as of September 30, 2012 and 2011, respectively, are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2012 and 2011, bank deposits in the amount of \$224,836 and \$147,106, respectively, were FDIC insured.

As of September 30, 2012, \$44,253 in cash is restricted for Senior Center operations and related activities.

Reclassifications

Certain 2011 balances have been reclassified to conform to the 2012 financial statement presentation.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Notes to Financial Statements
Years Ended September 30, 2012 and 2011

(1) Summary of Significant Accounting Policies, Continued

Subsequent Events

The Fund has considered subsequent events through October __, 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, 2012.

(2) 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.

The following information summarizes the Fund's grant activity during the years ended September 30, 2012 and 2011:

<u>Source</u>	<u>2012</u>	<u>2011</u>
GVB:		
Village fiestas/festivals	\$ 41,750	\$ 52,500
GovGuam – Department of Youth Affairs:		
Summer camp programs	15,628	47,047
Liberation day festivities	-	34,000
Others	<u>6,537</u>	<u>2,000</u>
	<u>\$ 63,915</u>	<u>\$ 135,547</u>

(3) Senior Center Operations

In February 2012, the Council entered into a Memorandum of Understanding (MOU) with the Government of Guam Department of Public Health and Social Services, Division of Senior Citizens for the Council to manage and operate the Senior Center Operations Program. For the year ended September 30, 2012, senior center operations deposits to the Fund of \$82,080 represent proceeds from bingo card sales and other bingo related activities.

(4) Liberation Day Commission

The Council was appointed to spearhead and take overall responsibility for the planning, coordinating and executing of the 2012 and 2011 Guam Island Fair/Liberation Day Festivities. As the sponsoring organization, the Council is entitled to 50% of the net proceeds from the Liberation Day Festivities. During the years ended September 30, 2012 and 2011, the Council received \$38,000 and \$0, respectively, in sponsor's commission.

MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS

Supplementary Combining Statements of Cash Deposits
and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	MCOG						
	Revolving Fund	Agana Heights	Agat	Asan- Maina	Barrigada	Chalan Pago- Ordot	Dededo
Deposits:							
Civil weddings	\$ 8,200	\$ -	\$ 1,050	\$ -	\$ 600	\$ 1,600	\$ 1,400
Commission	-	-	-	-	634	-	-
Contributions	4,221	-	-	-	-	-	-
Donations	5,000	-	1,900	-	3,600	150	-
Dues	9,960	-	-	-	-	-	-
Facility use	-	-	2,850	800	-	1,250	14,794
Fiesta proceeds:							
Concessions	-	-	18,610	-	12,000	-	-
Sponsorships	-	-	3,000	-	-	-	-
Ticket sales	-	-	6,274	-	-	-	-
Others	-	-	4,131	-	-	-	-
Flea and night markets	-	-	11,017	-	-	-	110,460
Fundraising	800	-	3,612	-	-	-	-
Grants:							
DYA - Summer Camp assistance	-	-	5,628	-	-	-	10,000
GVB	-	-	7,500	-	-	-	-
GovGuam	-	-	-	-	-	-	-
MCOG	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	3,507
Liberation Day proceeds:							
Liberation Day sponsor's commission	38,000	-	2,252	2,252	2,252	2,252	2,252
Candidate sponsor's commission	-	-	5,571	-	-	-	1,836
Others	-	-	400	-	-	-	-
Maintenance services							
Others	544	-	4	990	1,298	-	1,495
Program registrations	-	-	2,050	-	-	6,780	-
Reimbursements	-	-	-	-	-	-	-
Senior Center operations	-	-	-	-	-	-	30,522
Ticket sales	-	-	-	-	-	10,335	-
Unclassified	-	-	5,647	-	-	-	-
Total deposits	66,725	-	81,496	4,042	20,384	22,367	176,266
Disbursements:							
Bank charges	978	-	103	-	-	-	36
Civil weddings	8,450	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Community events	-	-	1,443	-	-	2,996	-
Community programs	-	-	2,843	-	-	3,920	-
Community projects	-	-	6,259	-	753	-	17,250
Concession refund	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	2,545
Donations	7,000	-	300	-	-	50	9,490
Equipment	-	-	100	-	2,327	-	3,472
Facility use refunds	-	-	-	-	-	-	-
Fiesta expenses	-	-	25,327	-	125	-	-
Flea market expenses	-	-	-	-	-	-	16,331
Food	9,255	-	1,276	-	630	-	6,734
Fuel	-	-	-	-	-	-	-
Grants:							
Municipalities	5,000	-	-	-	-	-	-
Liberation Day Committee Fund	-	-	-	-	-	-	-
Others - GVB branding initiatives	-	-	-	-	-	-	-
Humanitarian assistance	-	-	2,000	-	-	-	9,900
Liberation Day commission net proceeds share:							
Municipalities	38,284	-	-	-	-	-	-
Nonprofit organizations	4,504	-	-	-	-	-	-
Liberation Day expenses	-	-	-	-	634	-	654
Office events	15,400	-	-	-	10	-	-
Office expenses	-	-	-	-	-	-	-
Others	1,543	-	6,495	-	1,021	1,000	3,329
Prizes	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	150	-
Rental	-	-	-	-	-	-	-
Repairs and maintenance	-	-	2,029	-	78	-	21,254
Salaries and wages	-	-	-	-	-	-	-
Senior Center operations expenses	560	-	-	-	-	-	11,095
Sponsorships	4,625	-	2,480	-	-	12,695	17,966
Sports activities	-	-	-	-	-	-	-
Supplies and materials	-	-	2,224	-	554	-	5,312
Travel	-	-	-	-	746	-	-
Unclassified	-	-	22,617	3,463	-	-	-
Utilities	-	-	-	-	-	-	-
Total disbursements	95,599	-	75,496	3,463	6,878	20,811	125,368
Excess (deficiency) of deposits over (under) disbursements	(28,874)	-	6,000	579	13,506	1,556	50,898
Cash at beginning of year	48,724	-	5,035	980	6,239	3,985	7,308
Cash at end of year	\$ 19,850	\$ -	\$ 11,035	\$ 1,559	\$ 19,745	\$ 5,541	\$ 58,206

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, 2012 and 2011

	Hagatna	Inarajan	Mangilao	Merizo	MongMong- Toto-Maite	Piti	Santa Rita
Deposits:							
Civil weddings	\$ 100	\$ -	\$ 1,800	\$ -	\$ -	\$ -	\$ 250
Commission	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Donations	-	3,600	300	3,500	-	2,900	201
Dues	-	-	-	-	-	-	-
Facility use	-	-	1,900	-	-	-	750
Fiesta proceeds:							
Concessions	-	1,530	300	3,422	-	-	4,550
Sponsorships	-	-	-	-	-	-	-
Ticket sales	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Flea and night markets	-	-	12,743	-	-	-	-
Fundraising	-	476	1,784	3,812	-	-	13,212
Grants:							
DYA - Summer Camp assistance	-	-	-	-	-	-	-
GVB	-	-	5,000	10,000	-	-	8,000
GovGuam	-	-	-	-	-	-	-
MCOG	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Liberation Day proceeds:							
Liberation Day sponsor's commission	2,252	2,252	2,252	2,252	-	2,252	2,252
Candidate sponsor's commission	-	-	-	-	-	-	2,726
Others	-	-	1,000	-	-	-	2,000
Maintenance services	-	-	-	6,000	-	-	-
Others	-	767	68	4,644	456	71	1,442
Program registrations	-	-	-	-	-	-	-
Reimbursements	-	4,742	-	-	-	-	-
Senior Center operations	-	7,561	-	-	-	-	5,991
Ticket sales	-	-	-	26,538	-	197	-
Unclassified	-	-	-	-	-	-	-
Total deposits	2,352	20,928	27,147	60,168	456	5,420	41,374
Disbursements:							
Bank charges	116	36	-	-	-	15	108
Civil weddings	-	-	1,000	-	-	-	-
Communications	-	-	-	-	-	-	419
Community events	-	-	-	-	-	2,669	3,255
Community programs	-	2,920	-	6,054	-	-	488
Community projects	-	-	5,000	395	-	-	1,754
Concession refund	-	-	1,500	-	-	-	-
Contractual services	-	-	-	-	-	-	-
Donations	-	500	-	1,950	456	500	1,190
Equipment	-	290	2,089	-	-	-	2,185
Facility use refunds	-	-	-	-	-	-	-
Fiesta expenses	-	6,705	5,180	35,135	-	128	5,776
Flea market expenses	-	-	950	-	-	-	-
Food	-	-	2,575	-	-	-	927
Fuel	-	-	-	-	-	-	100
Grants:							
Municipalities	-	-	-	-	-	-	-
Liberation Day Committee Fund	-	-	-	-	-	-	-
Others - GVB branding initiatives	-	-	-	-	-	-	-
Humanitarian assistance	-	554	2,211	3,121	-	48	1,495
Liberation Day commission net proceeds share:							
Municipalities	-	-	-	-	-	-	-
Nonprofit organizations	-	-	-	-	-	-	-
Liberation Day expenses	-	-	627	-	-	-	1,063
Office events	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	-
Others	-	110	-	-	-	-	3,474
Prizes	-	-	-	-	-	-	2,600
Reimbursements	-	-	-	-	-	-	1,935
Rental	-	-	-	-	-	-	-
Repairs and maintenance	-	-	3,929	255	-	759	1,381
Salaries and wages	-	-	-	-	-	-	-
Senior Center operations expenses	-	4,346	-	-	-	-	3,988
Sponsorships	-	2,096	580	-	-	-	2,430
Sports activities	-	-	-	-	-	-	-
Supplies and materials	-	4,262	2,373	4,090	-	-	959
Travel	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	387
Utilities	-	-	-	317	-	-	-
Total disbursements	116	21,819	28,014	51,317	456	4,119	35,914
Excess (deficiency) of deposits over (under) disbursements	2,236	(891)	(867)	8,851	-	1,301	5,460
Cash at beginning of year	9,914	5,934	12,033	14,368	-	4,006	1,749
Cash at end of year	\$ 12,150	\$ 5,043	\$ 11,166	\$ 23,219	\$ -	\$ 5,307	\$ 7,209

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, 2012 and 2011

							Total		
	Sinajana	Talofoto	Tamuning- Tumon- Harmon	Umatac	Yigo	Yona	Eliminations	2012	2011
Deposits:									
Civil weddings	\$ 400	\$ -	\$ 2,300	\$ -	\$ -	\$ 50	\$ (9,900)	\$ 7,850	\$ 2,300
Commission	-	-	-	-	-	-	-	634	1,195
Contributions	-	-	-	-	-	-	-	4,221	4,799
Donations	-	6,531	5,238	-	11,950	1,020	-	45,890	32,236
Dues	-	-	-	-	-	-	-	9,960	10,844
Facility use	-	20	2,550	-	-	300	-	25,214	19,938
Fiesta proceeds:									
Concessions	-	5,140	-	-	-	370	-	45,922	51,499
Sponsorships	-	-	-	-	-	-	-	3,000	-
Ticket sales	-	-	-	-	-	3,220	-	9,494	-
Others	-	-	-	-	-	-	-	4,131	-
Flea and night markets	-	-	-	-	-	-	-	134,220	124,654
Fundraising	-	-	-	-	-	1,443	-	25,139	17,123
Grants:									
DYA - Summer Camp assistance	-	-	-	-	-	-	-	15,628	-
GVB	-	-	5,000	6,250	-	-	-	41,750	52,500
GovGuam	-	-	-	-	-	1,000	-	1,000	81,047
MCOG	-	-	-	-	-	5,000	(5,000)	-	-
Others	-	30	-	-	-	2,000	-	5,537	2,000
Liberation Day proceeds:									
Liberation Day sponsor's commission	2,252	2,252	2,252	2,252	2,252	2,252	(38,284)	38,000	-
Candidate sponsor's commission	-	-	153	-	-	-	-	10,286	8,075
Others	-	-	1,500	-	-	-	-	4,900	3,820
Maintenance services	-	-	-	-	-	-	-	6,000	3,900
Others	2,500	-	441	-	1,716	1,454	-	17,890	46,675
Program registrations	38,000	-	-	-	28,475	-	-	75,305	64,910
Reimbursements	-	-	-	-	-	-	-	4,742	4,412
Senior Center operations	11,291	-	20,796	-	-	5,919	-	82,080	-
Ticket sales	-	3,680	-	-	-	-	-	40,750	37,411
Unclassified	850	-	-	313	1,175	475	-	8,460	-
Total deposits	55,293	17,653	40,230	8,815	45,568	24,503	(53,184)	668,003	569,338
Disbursements:									
Bank charges	-	-	-	-	365	24	-	1,781	364
Civil weddings	450	-	-	-	-	-	(9,900)	-	-
Communications	-	-	-	-	-	-	-	419	657
Community events	-	-	-	-	-	-	-	10,363	6,455
Community programs	5,331	-	-	-	23,060	-	-	44,616	56,455
Community projects	-	-	4,971	-	-	-	-	36,382	128,554
Concession refund	-	-	-	-	-	-	-	1,500	-
Contractual services	22,472	-	4,911	-	-	2,250	-	32,178	47,740
Donations	100	711	-	-	1,472	-	-	23,719	18,198
Equipment	998	-	469	-	6,394	-	-	18,324	30,264
Facility use refunds	-	-	450	-	-	-	-	450	-
Fiesta expenses	-	9,768	-	5,300	400	6,134	-	99,978	128,834
Flea market expenses	-	-	-	-	-	-	-	17,281	33,053
Food	9,167	620	2,035	-	694	-	-	33,913	26,829
Fuel	-	-	-	-	-	-	-	100	-
Grants:									
Municipalities	-	-	-	-	-	-	(5,000)	-	-
Liberation Day Committee Fund	-	-	-	-	-	-	-	-	20,000
Others - GVB branding initiatives	-	-	-	-	-	-	-	-	4,000
Humanitarian assistance	2,750	-	-	-	-	100	-	22,179	25,868
Liberation Day commission net proceeds share:									
Municipalities	-	-	-	-	-	-	(38,284)	-	-
Nonprofit organizations	-	-	-	-	-	-	-	4,504	-
Liberation Day expenses	-	1,000	-	-	-	-	-	3,978	5,303
Office events	-	-	-	-	900	-	-	16,310	22,560
Office expenses	-	-	-	-	-	-	-	-	23,015
Others	2,500	400	1,250	-	1,950	500	-	23,572	82,555
Prizes	-	-	-	-	-	-	-	2,600	214
Reimbursements	-	-	-	-	-	-	-	2,085	670
Rental	-	-	-	-	-	-	-	-	3,661
Repairs and maintenance	548	-	-	-	1,336	-	-	31,569	26,359
Salaries and wages	-	-	2,108	-	-	-	-	2,108	1,200
Senior Center operations expenses	3,989	-	8,490	-	-	5,919	-	38,387	-
Sponsorships	1,525	1,410	3,255	-	300	-	-	49,362	44,930
Sports activities	-	-	-	-	-	-	-	-	17,015
Supplies and materials	2,361	490	1,012	598	4,153	2,022	-	30,410	25,034
Travel	-	-	-	-	2,091	-	-	2,837	485
Unclassified	-	-	-	2,900	-	4,200	-	33,567	-
Utilities	-	-	-	-	-	-	-	317	1,461
Total disbursements	52,191	14,399	28,951	8,798	43,115	21,149	(53,184)	584,789	781,733
Excess (deficiency) of deposits over (under) disbursements	3,102	3,254	11,279	17	2,453	3,354	-	83,214	(212,395)
Cash at beginning of year	138	1,576	704	15	19,275	-	-	141,983	354,378
Cash at end of year	\$ 3,240	\$ 4,830	\$ 11,983	\$ 32	\$ 21,728	\$ 3,354	\$ -	\$ 225,197	\$ 141,983

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MCOG REVOLVING FUND**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Liberation Day proceeds	\$ 38,000	\$ 3,820
Dues	9,960	10,844
Civil weddings	8,200	2,000
Donations	5,000	-
Contributions	4,221	4,799
Fundraising	800	4,543
Grants:		
DYA - Summer camp assistance	-	47,047
DYA - Liberation day	-	34,000
Others	544	100
Total deposits	66,725	107,153
Disbursements:		
Liberation day commission net proceeds share:		
Municipalities	38,284	-
Non-profit organizations	4,504	-
MCOG events	15,400	15,590
Food	9,255	6,688
Civil weddings	8,450	2,100
Donations	7,000	12,099
Grants:		
Municipalities	5,000	-
DYA - Liberation Day	-	20,000
DYA - Summer Camp assistance:		
Dededo Mayor's office	-	17,896
Sinajana Mayor's office	-	15,000
Agat Mayor's office	-	14,151
GVB - Branding initiatives	-	8,000
Sponsorships	4,625	15,194
Bank fees	978	-
Senior Center operations expenses	560	-
Community projects	-	4,408
Humanitarian assistance	-	773
Others	1,543	4,926
Total disbursements	95,599	136,825
Deficiency of deposits under disbursements	(28,874)	(29,672)
Cash at beginning of year	48,724	78,396
Cash at end of year	\$ 19,850	\$ 48,724

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Fiesta - Mango Festival:		
Concessions	\$ 18,610	\$ 22,220
Sponsorships	3,000	-
Ticket sales	6,274	-
Others	4,131	-
Grants:		
GVB - Mango festival	7,500	20,000
DYA - Summer camp assistance	5,628	14,151
GVB - Back to Sumay	-	5,000
Flea and night markets	11,017	12,201
Liberation Day proceeds:		
Candidate sponsor's commission	5,571	5,863
Liberation Day net proceeds share	2,252	-
Prizes	400	-
Fundraising	3,612	-
Facility use	2,850	1,000
Donations	1,900	3,703
Civil weddings	1,050	250
Program registrations	2,050	4,130
Others	4	820
Unclassified	5,647	-
Total deposits	<u>81,496</u>	<u>89,338</u>
Disbursements:		
Fiesta expenses:		
Entertainment and sound system	6,475	5,700
Prizes	5,375	6,600
Supplies and materials	4,675	12,929
Candidate commission	3,683	3,329
Advertising and promotions	2,960	3,600
Others	2,159	7,771
Community projects	6,259	930
Sponsorships	2,480	3,771
Community programs	2,843	9,273
Supplies and materials	2,224	465
Repairs and maintenance	2,029	3,312
Humanitarian assistance	2,000	3,400
Community events	1,443	-
Food	1,276	55
Donations	300	692
Equipment	100	150
Bank charges	103	15
Contractual services	-	1,450
Liberation day expenses	-	1,338
Others	6,495	25,024
Unclassified	22,617	-
Total disbursements	<u>75,496</u>	<u>89,804</u>
Excess (deficiency) of deposits over (under) disbursements	6,000	(466)
Cash at beginning of year	<u>5,035</u>	<u>5,501</u>
Cash at end of year	<u>\$ 11,035</u>	<u>\$ 5,035</u>

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MUNICIPALITY OF ASAN-MAINA**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Liberation Day net proceeds share	\$ 2,252	\$ -
Facility use	800	-
Donations	-	2,000
Others	990	132
Total deposits	<u>4,042</u>	<u>2,132</u>
Disbursements:		
Supplies and materials	-	2,240
Community projects	-	400
Sponsorships	-	200
Bank charges	-	36
Others	-	205
Unclassified	3,463	-
Total disbursements	<u>3,463</u>	<u>3,081</u>
Excess (deficiency) of deposits over (under) disbursements	579	(949)
Cash at beginning of year	<u>980</u>	<u>1,929</u>
Cash at end of year	<u>\$ 1,559</u>	<u>\$ 980</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Fiesta concessions	\$ 12,000	\$ 5,212
Donations	3,600	1,200
Liberation Day net proceeds share	2,252	-
Commission	634	1,085
Civil weddings	600	-
Others	<u>1,298</u>	<u>233</u>
Total deposits	<u>20,384</u>	<u>7,730</u>
Disbursements:		
Equipment	2,327	2,247
Community projects	753	70
Travel	746	285
Liberation Day expenses	634	269
Food	630	217
Supplies and materials	554	812
Fiesta expenses	125	1,456
Repairs and maintenance	78	918
Office events	10	-
Sponsorships	-	220
Others	<u>1,021</u>	<u>559</u>
Total disbursements	<u>6,878</u>	<u>7,053</u>
Excess of deposits over disbursements	13,506	677
Cash at beginning of year	<u>6,239</u>	<u>5,562</u>
Cash at end of year	<u>\$ 19,745</u>	<u>\$ 6,239</u>

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MUNICIPALITY OF CHALAN PAGO - ORDOT**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Fundraising - Liberation Queen candidate	\$ 10,335	\$ -
Program registrations	6,780	11,105
Liberation Day proceeds - Commission	2,252	-
Civil weddings	1,600	-
Facility use	1,250	750
Donations	150	50
Total deposits	<u>22,367</u>	<u>11,905</u>
Disbursements:		
Sponsorships	12,695	-
Community programs	3,920	7,120
Community events	2,996	184
Reimbursements	150	-
Donations	50	1,050
Others	1,000	2,606
Total disbursements	<u>20,811</u>	<u>10,960</u>
Excess of deposits over disbursements	1,556	945
Cash at beginning of year	<u>3,985</u>	<u>3,040</u>
Cash at end of year	<u>\$ 5,541</u>	<u>\$ 3,985</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Flea markets	\$ 110,460	\$ 106,275
Senior Center operations	30,522	-
Facility use	14,794	13,700
Grants:		
DYA - Summer Camp assistance	10,000	17,896
Others	3,507	-
Liberation Day proceeds:		
Liberation Day net proceeds share	2,252	-
Candidate sponsor's commission	1,836	-
Civil weddings	1,400	1,000
Fiesta concessions	-	849
Donations	-	100
Program registrations	-	4,275
Others	1,495	35
Total deposits	176,266	144,130
Disbursements:		
Repairs and maintenance	21,254	7,255
Sponsorships	17,966	13,798
Community projects	17,250	97,276
Flea market expenses	16,331	27,678
Senior Center operations expenses	11,095	-
Humanitarian assistance	9,900	15,200
Donations	9,490	246
Food	6,734	3,204
Supplies and materials	5,312	2,266
Equipment	3,472	22,160
Contractual services	2,545	7,530
Liberation Day expenses	654	2,596
Bank charges	36	36
Sports activities	-	17,015
Community programs	-	12,160
Fiesta expenses	-	300
Office expenses	-	23,015
Community events	-	5,139
Rental	-	3,661
Others	3,329	18,429
Total disbursements	125,368	278,964
Excess (deficiency) of deposits over (under) disbursements	50,898	(134,834)
Cash at beginning of year	7,308	142,142
Cash at end of year	\$ 58,206	\$ 7,308

See accompanying independent auditors' report. 12

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Liberation Day net proceeds share	\$ 2,252	\$ -
Civil weddings	100	
Facility use	-	768
Total deposits	<u>2,352</u>	<u>768</u>
Disbursements:		
Bank charges	116	36
Community projects	-	10,667
Total disbursements	<u>116</u>	<u>10,703</u>
Excess (deficiency) of deposits over (under) disbursements	2,236	(9,935)
Cash at beginning of year	<u>9,914</u>	<u>19,849</u>
Cash at end of year	<u><u>\$ 12,150</u></u>	<u><u>\$ 9,914</u></u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Senior Center operations: Bingo	\$ 7,561	\$ -
Reimbursements	4,742	4,412
Donations	3,600	100
Liberation Day proceeds: Commission	2,252	-
Fiesta concessions	1,530	1,800
Fundraisings	476	4,077
Grants:		
GVB - Fiesta	-	3,750
Others	-	2,000
Others	767	697
Total deposits	<u>20,928</u>	<u>16,836</u>
Disbursements:		
Fiesta expenses	6,705	4,651
Senior Center operations expenses	4,346	-
Supplies and materials	4,262	-
Community programs	2,920	5,088
Sponsorships	2,096	1,700
Humanitarian assistance	554	1,181
Donations	500	-
Equipment	290	-
Bank charges	36	124
Community events	-	838
Others	110	2,617
Total disbursements	<u>21,819</u>	<u>16,199</u>
(Deficiency) excess of deposits (under) over disbursements	(891)	637
Cash at beginning of year	<u>5,934</u>	<u>5,297</u>
Cash at end of year	<u>\$ 5,043</u>	<u>\$ 5,934</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Flea and night markets	\$ 12,743	\$ 6,178
Grants: GVB - Fiesta	5,000	5,000
Liberation Day proceeds:		
Liberation Day net proceeds share	2,252	-
Prizes - Float Contest	1,000	-
Facility use	1,900	-
Civil weddings	1,800	300
Fundraising	1,784	-
Donations	300	350
Fiesta concessions	300	-
Others	68	13,197
	<u>27,147</u>	<u>25,025</u>
Total deposits		
Disbursements:		
Fiesta expenses	5,180	7,715
Community projects	5,000	5,850
Repairs and maintenance	3,929	600
Food	2,575	1,140
Supplies and materials	2,373	3,348
Humanitarian assistance	2,211	500
Equipment	2,089	1,250
Concession refunds	1,500	-
Civil weddings	1,000	-
Flea market expenses	950	5,375
Liberation Day expenses	627	100
Sponsorships	580	2,060
Communication	-	657
Utilities	-	409
Prizes	-	214
Office events	-	1,970
Others	-	1,888
	<u>28,014</u>	<u>33,076</u>
Total disbursements		
Deficiency of deposits under disbursements	(867)	(8,051)
Cash at beginning of year	<u>12,033</u>	<u>20,084</u>
Cash at end of year	<u>\$ 11,166</u>	<u>\$ 12,033</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Ticket sales	\$ 26,538	\$ 21,690
Grants:		
GVB Fiestan Tasi	5,000	5,000
GVB Gupot Chamorro	5,000	5,000
Maintenance services	6,000	3,900
Fundraising	3,812	4,503
Donations	3,500	-
Fiesta concessions	3,422	7,957
Liberation Day net proceeds share	2,252	-
Civil weddings	-	50
Others	4,644	5,678
	<u>60,168</u>	<u>53,778</u>
Total deposits		
Disbursements:		
Fiesta expenses:		
Prizes	15,500	16,900
Others	5,397	3,326
Candidate commission	4,645	4,498
Food	3,828	5,749
Entertainment	3,400	13,205
Supplies and materials	2,365	3,423
Community programs	6,054	492
Supplies and materials	4,090	2,264
Humanitarian assistance	3,121	2,100
Donations	1,950	2,125
Community projects	395	2,194
Utilities	317	581
Repairs and maintenance	255	-
Food	-	4,373
Sponsorships	-	1,162
Equipment	-	748
Others	-	410
	<u>51,317</u>	<u>63,550</u>
Total disbursements		
Excess (deficiency) of deposits over (under) disbursements	8,851	(9,772)
Cash at beginning of year	<u>14,368</u>	<u>24,140</u>
Cash at end of year	<u>\$ 23,219</u>	<u>\$ 14,368</u>

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MUNICIPALITY OF MONGMONG-TOTO-MAITE**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Others	\$ 456	\$ 486
Disbursements:		
Donations	456	486
Excess of deposits over disbursements	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Donations	\$ 2,900	\$ 2,400
Liberation Day proceeds - Commission	2,252	-
Ticket sales	197	451
Facility use	-	50
Others	71	3,804
Total deposits	<u>5,420</u>	<u>6,705</u>
Disbursements:		
Community events	2,669	-
Repairs and maintenance	759	-
Donations	500	-
Fiesta expenses	128	-
Humanitarian assistance	48	-
Bank charges	15	-
Contractual services	-	2,000
Community programs	-	700
Food	-	401
Supplies and materials	-	111
Others	-	495
Total disbursements	<u>4,119</u>	<u>3,707</u>
Excess of deposits over disbursements	1,301	2,998
Cash at beginning of year	<u>4,006</u>	<u>1,008</u>
Cash at end of year	<u>\$ 5,307</u>	<u>\$ 4,006</u>

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MUNICIPALITY OF SANTA RITA**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Fundraising:		
Mayor's bingo fundraisers	\$ 7,932	\$ -
Little Miss Santa Rita	5,280	-
Senior Center operations:		
Manamku bingo	3,453	-
Bingo donations	2,538	-
Grants:		
GVB - Fiesta	5,000	5,000
GVB - Back to Sumay	3,000	-
Liberation Day proceeds:		
Ticket sales commission	2,726	2,212
Commission	2,252	-
Prize - float competition	2,000	-
Fiesta concessions - Cockfight proceeds	4,550	6,200
Facility use	750	670
Civil weddings	250	100
Donations	201	2,450
Program registrations	-	2,300
Others	1,442	1,370
	41,374	20,302
Disbursements:		
Fiesta expenses	5,776	7,076
Senior Center operations expenses	3,988	-
Community events - Back to Sumay Day	3,255	-
Prizes - Little Miss Santa Rita	2,600	-
Sponsorships	2,430	280
Equipment	2,185	1,523
Reimbursements	1,935	670
Community projects	1,754	3,449
Humanitarian assistance	1,495	-
Repairs and maintenance	1,381	1,328
Donations	1,190	200
Liberation Day expenses	1,063	-
Supplies and materials	959	1,596
Food	927	513
Community programs	488	-
Communication	419	-
Bank charges	108	-
Fuel	100	-
Others	3,474	5,906
Unclassified	387	-
	35,914	22,541
Excess (deficiency) of deposits over (under) disbursements	5,460	(2,239)
Cash at beginning of year	1,749	3,988
Cash at end of year	\$ 7,209	\$ 1,749

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Program registrations	\$ 38,000	\$ 28,000
Senior Center operations - Bingo	11,291	-
Liberation Day net proceeds share	2,252	-
Civil weddings	400	-
Grants - DYA summer camp assistance	-	15,000
Facility use	-	3,000
Others	2,500	308
Unclassified	850	-
	<u>55,293</u>	<u>46,308</u>
Total deposits		
Disbursements:		
Contractual services	22,472	27,350
Food	9,167	4,618
Community programs	5,331	2,475
Senior Center operations expenses	3,989	-
Humanitarian assistance	2,750	860
Supplies and materials	2,361	5,186
Sponsorships	1,525	3,427
Equipment	998	600
Repairs and maintenance	548	665
Civil weddings	450	-
Donations	100	20
Others	2,500	969
	<u>52,191</u>	<u>46,170</u>
Total disbursements		
Excess of deposits over disbursements	3,102	138
Cash at beginning of year	<u>138</u>	<u>-</u>
Cash at end of year	<u>\$ 3,240</u>	<u>\$ 138</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Donations	\$ 6,531	\$ -
Fiesta concessions	5,140	1,050
Ticket sales	3,680	15,270
Liberation Day net proceeds share	2,252	-
Facility use	20	-
Others	30	8,790
Total deposits	<u>17,653</u>	<u>25,110</u>
Disbursements:		
Banana festival expenses:		
Prizes	3,650	-
Entertainment	2,750	-
Commission	1,341	7,916
Others	2,027	12,690
Sponsorships	1,410	-
Liberation Day expenses	1,000	1,000
Donations	711	830
Food	620	892
Supplies and materials	490	-
Community projects	-	800
Contractual services	-	520
Humanitarian assistance	-	354
Community events	-	294
Others	400	3,047
Total disbursements	<u>14,399</u>	<u>28,343</u>
Excess (deficiency) of deposits over (under) disbursements	3,254	(3,233)
Cash at beginning of year	<u>1,576</u>	<u>4,809</u>
Cash at end of year	<u>\$ 4,830</u>	<u>\$ 1,576</u>

See accompanying independent auditors' report.

**MAYORS' COUNCIL OF GUAM NON-APPROPRIATED FUNDS
MUNICIPALITY OF TAMUNING-TUMON-HARMON**

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Senior Center operations	\$ 20,796	\$ -
Grants - GVB	5,000	4,000
Donations	5,238	-
Liberation Day proceeds:		
Liberation Day net proceeds share	2,252	-
Prizes	1,500	-
Candidate sponsor's commission	153	-
Facility use	2,550	-
Civil weddings	2,300	-
Others	441	6,440
Total deposits	40,230	10,440
Disbursements:		
Senior Center operations expenses	8,490	-
Community projects	4,971	2,010
Contractual services	4,911	2,315
Sponsorships	3,255	988
Repairs and maintenance	2,108	4,699
Food	2,035	3,486
Supplies and materials	1,012	1,080
Equipment	469	-
Facility use refunds	450	-
Utilities	-	471
Travel	-	200
Donations	-	100
Others	1,250	658
Total disbursements	28,951	16,007
Excess (deficiency) of deposits over (under) disbursements	11,279	(5,567)
Cash at beginning of year	704	6,271
Cash at end of year	\$ 11,983	\$ 704

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Deposits:		
Grants:		
GVB - Discovery Day 2012	\$ 5,000	\$ -
GVB - Discovery Day 2011	1,250	3,750
Liberation Day net proceeds share	2,252	-
Fiesta concessions	-	6,211
Fundraising	-	4,000
Others	-	1,500
Unclassified	313	-
	<u>8,815</u>	<u>15,461</u>
Total deposits		
Disbursements:		
Fiesta expenses - entertainment	5,300	-
Supplies and materials	598	-
Contractual services	-	6,575
Sponsorships	-	250
Others	-	9,336
Unclassified	2,900	-
	<u>8,798</u>	<u>16,161</u>
Total disbursements		
Excess (deficiency) of deposits over (under) disbursements	17	(700)
Cash at beginning of year	<u>15</u>	<u>715</u>
Cash at end of year	<u>\$ 32</u>	<u>\$ 15</u>

See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Donations	\$ 11,950	\$ 19,883
Program registrations	28,475	15,100
Liberation Day net proceeds share	2,252	-
Civil weddings	-	700
Commission	-	110
Others	1,716	2,385
Unclassified	1,175	-
Total deposits	45,568	38,178
Disbursements:		
Community programs and events	23,060	19,147
Equipment	6,394	146
Supplies and materials	4,153	5,666
Travel	2,091	-
Donations	1,472	350
Repairs and maintenance	1,336	2,225
Office events	900	5,000
Food	694	1,242
Fiesta expenses	400	-
Bank charges	365	-
Sponsorships	300	1,880
Humanitarian assistance	-	1,500
Salaries and wages	-	1,200
Community projects	-	500
Others	1,950	5,480
Total disbursements	43,115	44,336
Excess (deficiency) of deposits over (under) disbursements	2,453	(6,158)
Cash at beginning of year	19,275	25,433
Cash at end of year	\$ 21,728	\$ 19,275

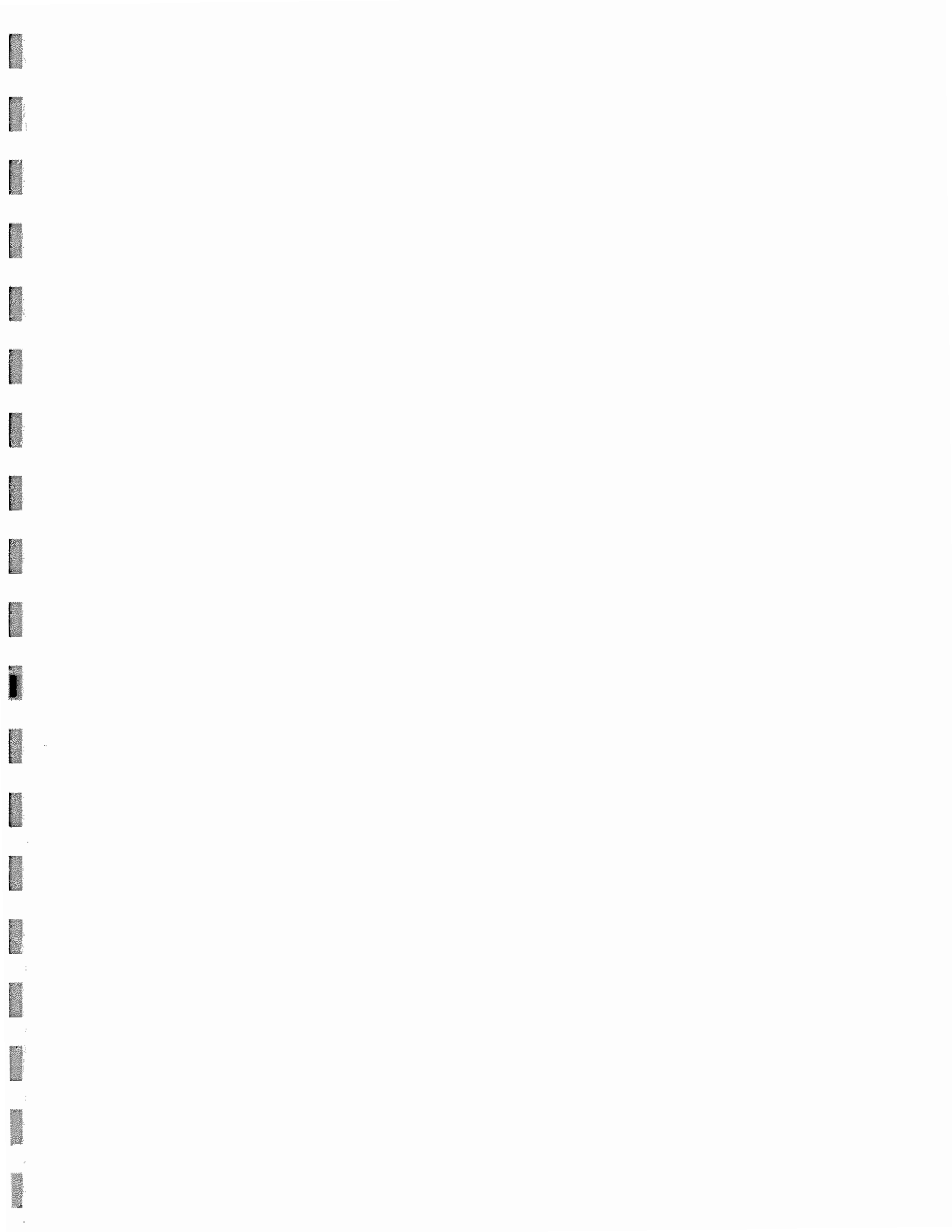
See accompanying independent auditors' report.

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

Supplementary Statements of Cash Deposits and Disbursements and Changes in Cash
Years Ended September 30, 2012 and 2011

	2012	2011
Deposits:		
Grants:		
MCOG - Cultural Festival	\$ 5,000	\$ -
Guam Island Fair - Manenggon Memorial Mass	2,000	-
GVB - Manenggon Memorial Mass	1,000	-
Senior Center operations	5,919	-
Fiesta proceeds:		
Ticket sales	3,220	-
Concessions	370	-
Liberation Day net proceeds share	2,252	-
Fundraising	1,443	-
Donations	1,020	-
Facility use	300	-
Civil weddings	50	-
Others	1,454	700
Unclassified	475	-
Total deposits	24,503	700
Disbursements:		
Senior Center operations expenses	5,919	-
Festival expenses:		
Entertainment	3,500	-
Prizes	1,500	-
Commission	591	-
Supplies	543	-
Contractual services	2,250	-
Supplies and materials	2,022	-
Humanitarian assistance	100	-
Bank charges	24	117
Repairs and maintenance	-	5,357
Equipment	-	1,440
Others	500	-
Unclassified	4,200	-
Total disbursements	21,149	6,914
Excess (deficiency) of deposits over (under) disbursements	3,354	(6,214)
Cash at beginning of year	-	6,214
Cash at end of year	\$ 3,354	\$ -

See accompanying independent auditors' report.



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

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL**

YEAR ENDED SEPTEMBER 30, 2012

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Executive Officers
Mayors' Council of Guam

We have audited the financial statements of the Mayors' Council of Guam Non-Appropriated Funds (the Fund) as of and for the year ended September 30, 2012, and have issued our report thereon dated October 23, 2013, which report was qualified as we were unable to verify the classification of certain deposits and disbursements. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2012-1 to be a material weakness.

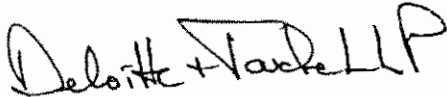
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-2 and 2012-3.

We noted certain matters that we reported to the management of the Fund in a separate letter dated October 23, 2013.

The Fund's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Fund's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayors' Council of Guam, management, others within the organization 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.

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

October 23, 2013

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

Schedule of Findings and Responses
Year Ended September 30, 2012

Finding No.: 2012-1
Area: Accounting and Financial Reporting Policies and Procedures

Criteria: Formal accounting and financial reporting policies and procedures should be in place. The establishment and standardization of accounting and financial reporting policies and procedures can provide management with increased assurance that accounting and financial reporting policies and procedures are understood and consistently followed. Written financial reporting policies and procedures minimize disruption caused by turnover and also assists new employees in their job performance. Such policies and procedures should be documented and be readily accessible by relevant personnel.

Condition: Formal accounting and financial reporting policies and procedures are currently not in place. In addition, a process of classifying and summarizing receipts and disbursements transactions to provide accurate financial statement reporting is not in place. The Mayors' Council of Guam has established a Task Force to develop a non-appropriated fund policy that will be adhered to and implemented by all nineteen districts. Currently, the Task Force is in the process of developing uniform accounting and financial reporting policies and procedures.

Cause: The cause of the above condition is the absence of uniform and formal accounting and financial reporting policies and procedures governing non-appropriated funds.

Effect: The effect of the above condition is the potential negative perceptions associated with lack of accountability and transparency on non-appropriated funds.

Recommendation: We recommend the Mayors' Council of Guam continue with its initiative to develop formal accounting and financial reporting policies and procedures governing non-appropriated funds. These policies and procedures should include but not be limited to: (a) cash receipts; (b) cash disbursements; (c) document filing; (e) record-retention; and (f) financial reporting, among others.

Further, we also recommend that the Mayors' Council of Guam continue to serve as a resource center for municipalities on accounting and financial reporting non-appropriated fund related matters.

Prior Year Status: The absence of formal accounting and financial reporting policies and procedures was reported as a finding in the audits of the Fund for 2011 and 2010.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Angel R. Sablan, Executive Director

Response and Corrective Action: We agree with the recommendations set forth by the auditors.

The task force that is in place comprised of Mayors and Vice Mayors (inclusive of new Mayors) continues to develop a Non-Appropriated Fund Policy and will be completed by November 30, 2013. This policy will include procedures relating to: a) cash receipts; b) cash disbursements; c) documents filing; d) records retention; and e) financial reporting, inclusive of website posting, among others.

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

Schedule of Findings and Responses
Year Ended September 30, 2012

Finding No.: 2012-1, Continued
Area: Accounting and Financial Reporting Policies and Procedures

Proposed Completion Date: November 30, 2013

We have set aside contractual money in our approved FY2014 budget to employ the services of an accounting firm or to establish a permanent FTE position within the Council to assist the Council in standardizing financial reporting, in training Administrative Assistants on an as needed basis or to perform accounting functions for the Council and or the Mayors offices if needed, and, to serve as a resource center for municipalities on accounting and financial reporting of non-appropriated fund related matters.

Proposed Completion Date: December 31, 2013

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

Schedule of Findings and Responses
Year Ended September 30, 2012

Finding No.: 2012-2
Area: Compliance with Applicable Procurement Regulations

Criteria: Procurement rules and regulations applicable to non-appropriated funds (NAF) should be clearly defined.

Condition: Disbursements from non-appropriated funds were not subjected to procurement procedures. The Mayors' Council of Guam had established a Task Force to research and to clarify procurement regulations applicable to NAF. Currently, the Task Force is in the process of developing a uniform procurement policy.

Cause: The cause of the above condition is the absence of formal procurement rules and regulations governing non-appropriated funds.

Effect: The effect of the above condition is that NAF purchases are not subjected to procurement rules and regulations.

Recommendation: We recommend the Mayors' Council of Guam continue with its initiative to develop a procurement policy governing NAF that will consistently and uniformly be used by all NAF activities.

Prior Year Status: The absence of formal procurement rules and regulations governing non-appropriated funds was reported as a finding in the audits of the Fund for 2011 and 2010.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Angel R. Sablan, Executive Director

Response and Corrective Action: We agree with the recommendations set forth by the auditors.

We have already initiated dialogue with Senator Tina Muna-Barnes, Oversight Chairperson for the Mayors' Council of Guam to review existing statute(s) on procurement that govern Non-appropriated funds. Notwithstanding the fact that we have established a Task Force to develop Procurement Rules and Regulations (among other things), we will research the NAF Rules and Regulations adopted by the Department of Education and develop a policy that will be consistently and uniformly used by all 19 districts, absent any further passage of laws from the Guam Legislature. We will continue to develop a procurement policy governing NAF that will be consistently and uniformly be used by all NAF activities.

Proposed Completion Date: December 31, 2013

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

Schedule of Findings and Responses
Year Ended September 30, 2012

Finding No.: 2012-3
Area: Monitoring of Non-Profit Organizations

Criteria: Policies and procedures should be in place to monitor non-profit organizations or other entities utilizing the municipalities' facilities.

Condition: A formal process to monitor non-profit organizations and other entities utilizing the municipalities' facilities is not in place. The Task Force established by the Mayors' Council of Guam is also in the process of developing policies and procedures dealing with non-profit organizations that utilize facilities under the jurisdiction of the Mayors' Offices.

Cause: The cause of the above condition is the lack of associated formal policies and procedures.

Effect: The effect of the above condition is that associated risks and legal liabilities may not be minimized.

Recommendation: We recommend the Mayors' Council of Guam continue with its initiative to establish formal policies and procedures to monitor non-profit organizations or other entities utilizing municipality facilities. Such policies and procedures should include determining whether non-profit organizations are legal and are in compliance with Division of Revenue and Taxation filings. Further, we recommend that associated risks and liabilities be evaluated and legal advice be sought as deemed necessary.

Prior Year Status: The absence of formal policies and procedures to monitor non-profit organizations and other entities utilizing municipalities facilities was reported as a finding in the audits of the Fund for 2011 and 2010.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Angel R. Sablan, Executive Director

Response and Corrective Action: We agree with the recommendations set forth by the auditors.

The Task Force that was established to develop policy for the Non-Appropriated Funds will also develop a policy and procedures dealing with Non-profit organizations that utilize facilities under the jurisdiction of the Mayor's Offices for their own programs and or events. We would also implement a checklist of items that have to be met or completed by an organization requesting to use village facilities including liability coverage. We have already established a template to be used by all villages involving the use of community facilities by non-profit organizations. We have also established communications with the Compliance branch of the Department of Revenue and Taxation to cross-check on the legal status of non-profit organizations seeking assistance from the Mayor's Council of Guam.

Proposed Completion Date: November 30, 2013

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

Unresolved Prior Year Findings
Year Ended September 30, 2012

Unresolved Prior Year Findings

As of September 30, 2012, the status of prior audit findings is as follows:

Finding No. 2011-01 – Not corrected. See corrective action plan to Finding No. 2012-1.

Finding No. 2011-02 – Not corrected. See corrective action plan to Finding No. 2012-2.

Finding No. 2011-03 – Not corrected. See corrective action plan to Finding No. 2012-3.

Finding No. 2010-01 – Not corrected. See corrective action plan to Finding No. 2012-1.

Finding No. 2010-02 – Not corrected. See corrective action plan to Finding No. 2012-2.

Finding No. 2010-03 – Not corrected. See corrective action plan to Finding No. 2012-3.