

March 5, 2009

Board of Directors
Guam Visitors Bureau:

Dear Members of the Board of Directors:

We have performed an audit of the financial statements of Guam Visitors Bureau (GVB) as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated March 5, 2009.

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

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

Our responsibility under auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated November 21, 2008. 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 GVB’s financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information for the year ended September 30, 2008 in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole;
- To report on GVB’s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2008 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*; and

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

We considered GVB'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 GVB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GVB's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GVB's 2008 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. We are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

As the result of our audit work, we identified matters that resulted in audit adjustments that we believe either individually or in the aggregate with others have had a significant effect on GVB's financial reporting process. Such adjustments, listed in Appendix B, have been recorded in the accounting records and are reflected in the 2008 financial statements.

In addition, we have attached to this letter, as Appendix A, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

GVB's significant accounting policies are set forth in Note 1 to GVB's 2008 financial statements. During the year ended September 30, 2008, there were no significant changes in previously adopted accounting policies or their application. New accounting policies adopted during the year ended September 30, 2008 are also set forth in Note 1 to GVB's 2008 financial statements.

CRITICAL ACCOUNTING POLICIES AND PRACTICES

Critical accounting policies are those that are both most important to the portrayal of GVB's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We had no oral discussions with management regarding critical accounting policies and practices related to the year ended September 30, 2008.

ALTERNATIVE ACCOUNTING TREATMENTS

We had no discussions with management regarding alternative accounting treatments within generally accepted accounting principles for policies and practices related to material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, related to the year ended September 30, 2008.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GVB's 2008 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 2008.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR 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 Company's management and staff and had unrestricted access to the Company's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

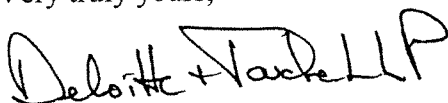
We have made specific inquiries of GVB's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations GVB is required to provide to its independent auditors under generally accepted auditing standards.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

CONTROL-RELATED MATTERS

We have issued a separate report to you, also dated March 5, 2009, containing information regarding our consideration of GVB's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts and grant agreements. We also noted certain other matters that we reported to management and the Board of Directors of GVB in a separate letter dated March 5, 2009.

This report is intended solely for the information and use of the Board of Directors, the management of the Guam Visitors Bureau and the Office of the Public Auditor of Guam and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Handwritten signature of Deloitte + Touche LLP in black ink.

Appendix A

	ASSETS Dr (Cr)	LIABILITIES Dr (Cr)	Equity Dr (Cr)	INCOME STATEMENT Dr (Cr)
<i>Known Misstatements</i>				
PAJE<1>				
Dr. Expense				33,093
CR Liability		33,093		
To record liability				
PAJE<2>				
Dr. Retirement Expense				37,390
Cr. Unfunded Pension Liability		37,390		
To recorded unfunded pension liability				
Grand Total	0	70,483	0	70,483

CONCURRENCE

We have reviewed and approve them on the basis of information we have provided to you.

CONCURRED BY:



 Signature of Representative

Finance and Administrative Services Manager

 Print Name and Title

Operating Fund
 #


Operating Fund #	Name	Debit	Credit
	1 AJE Unfunded Pension Liability		
2222	Unfunded Pension Liability	-	45,902.00
5110-GU-ADM000-102	Retirement	45,902.00	-
		<u>0.00</u>	<u>0.00</u>
	To record unfunded pension liability.		
	2 AJE To adjust in-kind contributions		
100400000044ADM001000000002	Revenue - In-Kind Cotribution	93,156.25	-
100500044000ADM001002	Revenue - In-Kind Cotribution	-	93,156.25
		<u>0.00</u>	<u>0.00</u>
	To adjust in-kind contributions to proper amount.		
	3 AJE To adjust in-kind contributions		
100400000044ADM001000000002	Revenue - In-Kind Cotribution	96,940.00	-
100500044000ADM001002	Revenue - In-Kind Cotribution	-	96,940.00
		<u>0.00</u>	<u>0.00</u>
	To properly record in-kind contributions.		
	4 AJE To reconcile accrued annual leave		
2221	Accrued Annual Leave	-	2,196.11
2051	Accrued Payroll	2,196.11	-
		<u>0.00</u>	<u>0.00</u>
	To reconcile accrued annual leave.		

Note: Based on our understanding, we believe that the adjustments and reclassifications are not due to fraud or illegal

CONCURRENCE

We have reviewed and approve them on the basis of information we have provided to you.

CONCURRED BY:



 Signature of Representative

PEDRO G TASSALLO JR.

 Print Name and Title

FINANCIAL & ADMINISTRATIVE SERVICES MANAGER

Guam Visitors Bureau
Setbision Bisitan Guåhan



March 5, 2009

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

We are providing this letter in connection with your audits of the statements of net assets and balance sheets of the Guam Visitor's Bureau (a public corporation) and its Special Tourist Attraction Fund Projects, as of September 30, 2008 and 2007, and the related statements of revenue, expenses and changes in net assets and cash flows, and the related Fund statements of operations and fund balance, for the years then ended, for the purpose of expressing an opinion as to whether the financial statements and Fund financial statements present fairly, in all material respects, the financial positions, and results of operations and/or changes in fund balances and/or cash flows of the Corporation and of the Fund in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

- a. The fair presentation in the financial statements and in the various Fund financial statements of the financial positions, results of operations and changes in the fund balances of the various funds and cash flows in conformity with accounting principles generally accepted in the United States of America.
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, accompanying the basic consolidated financial statements and the Fund financial statements that are presented for the purpose of additional analysis for the basic financial statements and Fund financial statements.
- c. The design and implementation of programs and controls to prevent and detect fraud, including fraud related to federal awards.
- d. Establishing and maintaining effective internal control over financial reporting.
- e. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information.

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 audits.

1. The financial statements and Fund financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:

- a. The financial statements properly classify all funds and activities.
- b. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved
- c. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated
- d. Required supplementary information is measured and presented within prescribed guidelines.

2. The Corporation has made available to you all:

- a. Financial records and related data for all financial transactions of the Corporation and for all funds administered by the Corporation. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Corporation and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
- b. Minutes of meetings of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There has been no:

- a. Action taken by the Corporation's management that contravenes the provisions of federal laws and Guam laws and regulations, or of contracts and grants applicable to the Corporation and for all funds administered by the Corporation.
- b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

4. 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.

5. We have no knowledge of any fraud or suspected fraud affecting the Corporation involving (a) management, (b) employees who have significant roles in internal control over financial reporting, or (c) others if 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 Corporation received in communications from employees, former employees, analysts, regulators, or others.

7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board ("FASB") Statement No. 5, *Accounting for Contingencies*.

8. We are responsible for compliance with local, state and federal laws, rules and regulations, and provisions of grants and contracts relating to the Corporation's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Corporation is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

9. There are no reportable conditions, including significant deficiencies and material weaknesses, in the design or operation of internal control that could adversely affect the Corporation's ability to initiate, record, process, and report financial information.

10. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

11. Based on our discussions during the course of the audit, management has made available to you the results of our assessment of the risk of whether the financial statements may be materially misstated as a result of fraud.

Except where otherwise stated below, matters less than \$23,000 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.

12. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

13. The Corporation has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

14. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

- a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).
- b. Guarantees, whether written or oral, under which the Corporation is contingently liable.
- c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

15. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

- a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

- b. The effect of the change would be material to the financial statements.

16. The Corporation 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 Corporation and do not believe that the financial statements are materially misstated as a result of fraud.

17. 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 Statement No. 5, *Accounting for Contingencies*, except as disclosed and/or recorded in the financial statements.

18. The Corporation 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, except as disclosed in the financial statements.

19. The Corporation has complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.

20. No events have occurred subsequent to September 30, 2008 to the date of our signatures below that require consideration as adjustments to or disclosures in the financial statements.

21. There are no control deficiencies in the design or operation of internal control over financial reporting that could adversely affect the Corporation's ability to initiate, record, process, and report financial information.

22. We are aware of the requirement to disclose to you any change in the Corporation's internal control over financial reporting that occurred during the Corporation's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. However, no such disclosure has been made as no changes in the Corporation's internal control over financial reporting have occurred.

23. No Corporation or agency of the Federal Government or of the Government of Guam has reported a material instance of noncompliance to us.

24. In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for periods beginning after December 15, 2006. Management did not believe that the implementation of this statement has a material effect on the financial statements of the Corporation.

25. In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. The statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. The provisions of this Statement are effective for periods beginning after December 15, 2006. Management did not believe that the implementation of this statement has a material effect on the financial statements of the Corporation.

26. In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this Statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of the Corporation.

27. In May 2007, GASB issued Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits. The provisions of this Statement are effective for periods beginning after June 15, 2007. Management did not believe the implementation of this statement has a material effect on the financial statements of the Corporation.

28. In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this Statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of the Corporation.

29. In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.

30. In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GVB.

31. The Corporation is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.

32. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

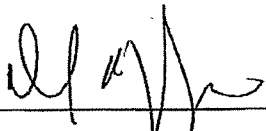
33. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

34. We represent to you that, subsequent to September 30, 2008, there were no changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses).

35. The Corporation has obligated, expended, received, and used public funds of the Corporation in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.

36. Money or similar assets handled by the Corporation on behalf of the Government of Guam or Federal Government have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.

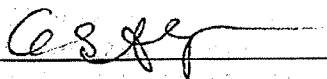
37. GVB is involved in litigation, which is inherent to the operations of the Corporation. Management is of the opinion that liabilities of a material nature will not be realized.



David Tydingco
Chairman of the Board

4-9-09

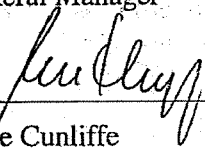
Date



Gerald S.A. Perez
General Manager

4/10/09

Date



Rose Cunliffe
Financial Controller

4/10/09

Date