

**TOURIST ATTRACTION FUND**

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

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**SEPTEMBER 30, 1998**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE  
AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Honorable Carl T.C. Gutierrez  
Governor of Guam:

We have audited the financial statements of the Tourist Attraction Fund and of those funds and account groups related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, as of September 30, 1998, and for the year then ended, and have issued our report thereon dated September 15, 1999. We conducted our audit in accordance with 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Tourist Attraction Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Tourist Attraction Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Government of Guam in the accompanying Schedule of Findings in finding number 98-1.

This report is intended for the information of the Government of Guam. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Tachell LLP

September 15, 1999

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND AND FUNDS AND  
ACCOUNT GROUP RELATED TO THE ISSUE OF  
THE LIMITED OBLIGATION INFRASTRUCTURE  
IMPROVEMENT BONDS, 1997 SERIES A**

Schedule of Findings  
Year Ended September 30, 1998

Finding No. 1 – Contract Retention Payable

Criteria:

Contract retention liabilities should be updated in a timely manner.

Condition:

The following contracts have had no activity in recent periods:

<u>Contract Number</u>	<u>Account Number</u>	<u>Contract Retention Amount</u>	<u>Last Transaction Date</u>
C950660432	5206D919970CT006	\$ 1,000	7/96
C930660042	5206D941010CI606	\$10,419	8/94
C930660042	5251D900698HG004	\$18,955	6/93
C920660479	5251D900698RA020	\$ 2,699	5/93
C910660275	5251D900698AA024	\$ 1,000	7/91
C900660239	5251D900698RA024	\$16,000	7/90

Cause:

The cause of this condition is unknown.

Effect:

The contract retention liability account may be overstated by an immaterial amount in the event of contract completion or cancellation.

Recommendation:

Contracts should be reviewed for completion or cancellation in a timely manner.