Guam Legislature Clerks <clerks@guamlegislature.org>

Messages and Communications for Doc. No. 36GL-22-1855*

1 message

Committee on Rules 36GL <cor@guamlegislature.org> Fri, Apr 8, 2022 at 3:26 PM
To: Clerks <clerks@guamlegislature.org>, Rennae Meno <rennae@guamlegislature.org>
Cc: "Speaker Therese M. Terlaje" <speaker@guamlegislature.org>

Håfa Adai Clerks,

Please see attached M&C Doc. No. 36GL-22-1855 for processing:

36GL-22-1855	Guam Visitors Bureau FY 2021 Financial Audit Reports*	Office of Public Accountability

Si Yu'os Ma'åse',

COMMITTEE ON RULES
Vice Speaker Tina Rose Muña Barnes
36th Guam Legislature
I Mina'trentai Sais Na Liheslaturan Guåhan
163 Chalan Santo Papa Hågatña Guam 96910
Email: cor@guamlegislature.org

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From: **Speaker Therese M. Terlaje** <speaker@guamlegislature.org>
Date: Fri, Apr 8, 2022 at 2:56 PM
Subject: Messages and Communications for 36GL-22-1855 (RESEND)
To: Legislative Secretary Amanda Shelton <officeofsenatorshelton@guamlegislature.org>, Committee on Rules 36GL <cor@guamlegislature.org>

Håfa Adai,

Please see attached M&C Doc. No. 36GL-22-1855*

36GL-22-1855	Guam Visitors Bureau FY 2021 Financial Audit Reports*	Office of Public Accountability

Si Yu'os Ma'åse',

Marie Cruz
Community Relations Liaison

Office of Speaker Therese M. Terlaje
Committee on Health, Land, Justice and Culture
I Mina'trentai Sais na Liheslaturan Guåhan
36th Guam Legislature
Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
T: (671) 472-3586 F: (671) 989-3590 Email: senatorterlajeguam@gmail.com
website: www.senatorterlaje.com

---------- Forwarded message ---------
From: **Kayleen Concepcion** <kconcepcion@guamopa.com>
Date: Thu, Apr 7, 2022 at 3:03 PM
Subject: Fwd: Guam Visitors Bureau FY 2021 Financial Audit Reports
To:

Håfa Adai,

I am forwarding the Guam Visitors Bureau's FY 2021 Financial Highlights, Financial Statements and Report on Compliance and Internal Control, and Communication with Those Charged with Governance. These reports may also be found at www.opaguam.org.

Senseramente,

Kayleen Concepcion
Accountability Auditor I
Office of Public Accountability - Guam
"Auditing for Good Governance"
Main: 475-0390 ext. 215 | Fax: 472-7951
Website: www.opaguam.org

---------- Forwarded message ---------
From: **Kayleen Concepcion** <kconcepcion@guamopa.com>
Date: Thu, Apr 7, 2022 at 12:45 PM

Subject: Guam Visitors Bureau FY 2021 Financial Audit Reports
To:
Cc: Benjamin Cruz <bjcruz@guamopa.com>

Håfa Adai,

Transmitted electronically are the Guam Visitors Bureau's FY 2021 Financial Highlights, Financial Statements and Report on Compliance and Internal Control, and Communication with Those Charged with Governance. These reports may also be found at www.opaguam.org.

Senseramente,

Kayleen Concepcion
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Website: www.opaguam.org

36GL-22-1855.pdf
1670K

Speaker Therese M. Terlaje <speaker@guamlegislature.org>

Fwd: Guam Visitors Bureau FY 2021 Financial Audit Reports

1 message

Kayleen Concepcion <kconcepcion@guamopa.com> Thu, Apr 7, 2022 at 3:03 PM
Bcc: speaker@guamlegislature.org

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Doc Type: 36L-22-1855
OFFICE OF THE SPEAKER
THERESE M. TERLAJE
04 07 2022
Time: 3:03 PM
Received:

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Main: 475-0390 ext. 215 | Fax: 472-7951
Website: www.opaguam.org

COMMITTE ON RULES
RECEIVED:
April 8, 2022
2: 56 P.M.

4 attachments

- **GVB FY2021 Financial Highlights FINAL.pdf** 103K
- **GVB_fs21 [Final Apr 6 2022].pdf** 1022K
- **GVB_mlc21 [Final Apr 6 2022].pdf** 177K

4/8/22 - [illegible]

Speaker Therese M. Terlaje <speaker@guamlegislature.org>

36GL-22-1855 (Resend)

Fwd: Guam Visitors Bureau FY 2021 Financial Audit Reports

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Bcc: speaker@guamlegislature.org

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4 attachments

GVB FY2021 Financial Highlights FINAL.pdf
103K

GVB_fs21 [Final Apr 6 2022].pdf
1022K

GVB_mlc21 [Final Apr 6 2022].pdf
177K

GVB_sas21 [Final Apr 6 2022].pdf
551K

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OFFICE OF PUBLIC ACCOUNTABILITY

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Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
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Guam Visitors Bureau – Fiscal Year 2021 Financial Highlights

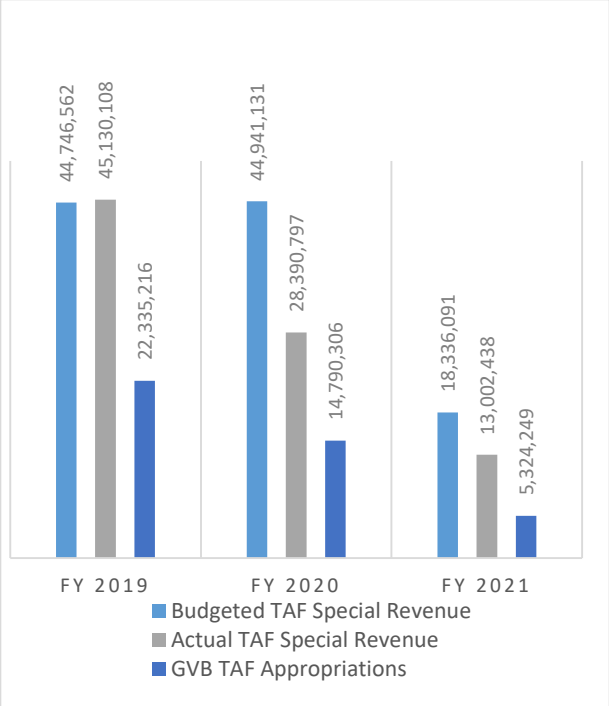
April 7, 2022

The Office of Public Accountability released the Guam Visitors Bureau (GVB) financial statements and report on compliance and internal controls, management letter, and letter to those charged with governance for fiscal year (FY) 2021. Independent auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on GVB's financial statements and issued a management letter relative to three deficiencies identified in its internal control over financial reporting.

GVB closed FY 2021 with a decrease in net position (net loss) of $2.9 million (M). This decreased GVB's cumulative net position to $7.7M in FY 2021, from the FY 2020 net position of $10.6M.

Revenues Decreased by $9.8M

GVB's total revenues decreased by 62%, from $15.8M in FY 2020 to $6.0M in FY 2021. GVB's revenues are primarily appropriations from the Tourist Attraction Fund (TAF), which significantly decreased from $14.8M in FY 2020 to $5.3M in FY 2021.



Operating revenues for FY 2021 decreased by 73%, from $787 thousand (K) in FY 2020 to $209K. These revenues are derived from Consumption Tax Refunds, in-kind contributions, other income (sponsorships and donations), and memberships. This change in operating revenues can be largely due to the $520K (or 90%) decrease in the Consumption Tax Refund, which GVB receives from the Japanese treasury on certain expenditures incurred in Japan and reported by the GVB Japan overseas office. This Consumption Tax Refund drastic decrease, from $576K in FY 2020 to $57K in FY 2021, is due to the limited activity of the GVB Japan overseas office.

Other non-operating revenues include federal contributions, which relate to various programs and campaigns administered by GVB. These are the Electronic Declaration Form Project, the Vax N' Win, and the Liberation Day programs. Federal contributions increased by 290%, from $112K in FY 2020 to $436K in FY 2021.

Operating Expenses Decreased by $7.4M

GVB's operating expenses decreased by $7.4M (or 47%), from $15.7M in FY 2020 to $8.3M in FY 2021. This significant decrease was largely due to the $5.4M (or 58%) decrease in professional

Doc. No. 36GL-22-1855.*

services, from $9.3M in FY 2020 to $3.9M in FY 2021. In FY 2021, all marketing representations overseas were adjusted to a minimum fee to maintain market presence. Of the professional services, Destination Management ($1.3M), Korea ($901K), and Japan ($485K) accounted for 32% of GVB's total operating expenses.

The continuing decrease in operating expenses, if compared to FY 2019, is the result of the continuous drastic cost-cutting measures and the delay in spending due to the uncertainty of the tourist arrival affecting TAF collections.

Outlook for 2022

The outlook for Guam's tourism in 2022 is optimistic. Current visitor arrival forecasts project an increase of about 111% over FY 2021. This relatively conservative recovery anticipates a stronger increase in arrivals in the second half of the financial year. As Guam's core markets continue to approach herd immunity through vaccination efforts (Korea 86%, Japan 80% and Taiwan 77%), further easing of border restrictions and travel protocols is highly anticipated. These occurrences will enable tourism supply channels, who have remained stagnant throughout the pandemic, to gain significant stable traction in their efforts to restart activity. However, GVB remains under the expectation that our tourism industry will take several years to recover to the pre-pandemic volume achieved in FY 2019.

Report on Internal Control and Management Letter

The auditors did not identify any material weaknesses in GVB's report on internal control over financial reporting. However, the auditors issued a management letter that identified three deficiencies in internal control over financial reporting: (1) a procurement file was not available for a miscellaneous fee expense for $22K; (2) an unpaid invoice for $100K was recorded for an expense on shipping and training for new equipment that was not owned by GVB and was outside the scope of the contract; and (3) Government of Guam appropriations and other revenues were not reconciled with the Department of Administration on at least a monthly basis, which resulted in a misstatement of $3.2M.

For more details, refer to the Management's Discussion and Analysis in the audit report at www.opaguam.org and www.guamvisitorsbureau.com.

GUAM VISITORS BUREAU
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Table of Contents
Years Ended September 30, 2021 and 2020

		Page No.
I.	Independent Auditors' Report	1
II.	Management's Discussion and Analysis	4
III.	Financial Statements:	
	Statements of Net Position	17
	Statements of Revenues, Expenses, and Changes in Net Position	18
	Statements of Cash Flows	19
	Notes to Financial Statements	20
IV.	Schedules of Required Supplementary Information:	
	Schedule of Proportionate Share of the Net Pension Liability-Defined Benefit Plan	46
	Schedule of Proportionate Share of the Net Pension Liability-Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees	47
	Schedule of Proportionate Share of the Net Pension Liability-Ad Hoc COLA Plan for DCRS Retirees	48
	Schedule of Pension Contributions	49
	Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios	50
	Schedule of Proportionate Share of the Total OPEB Liability	51
	Schedule of OPEB Contributions	52
V.	Other Supplementary Information	
	Supplementary Schedule of Professional, Miscellaneous and Advertising Expenses	54
	Supplementary Schedule of Employees and Salaries	55
VI.	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*	56

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Guam Visitors Bureau:

Report on the Financial Statements

We have audited the accompanying financial statements of the Guam Visitors Bureau (GVB), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GVB as of September 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte.

Emphasis of Matters

COVID-19

As discussed in Note 13 to the financial statements, GVB determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16 as well as the Schedule of Proportionate Share of the Net Pension Liability on pages 46 through 48, and the Schedule of Pension Contributions on page 49, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios on page 50, the Schedule of Proportionate Share of the Total OPEB Liability on page 51, and the Schedule of OPEB Contributions on page 52, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

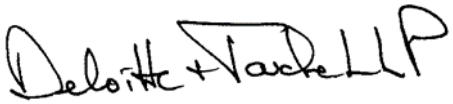
Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The Other Supplementary Information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The Other Supplementary Information is the responsibility of GVB's management. The additional information on page 54 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 standard generally accepted in the United States of America. In our opinion, the additional information on page 54 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The additional information on page 55 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022 on our consideration of GVB's 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 solely 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 effectiveness of GVB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GVB's internal control over financial reporting and compliance.



April 6, 2022

ABOUT THE GUAM VISITORS BUREAU

The Guam Visitors Bureau (GVB), a non-profit membership corporation, is the official tourism agency for the U.S. Territory of Guam. Among its responsibilities, GVB is charged with setting tourism policy and direction; developing and implementing Guam's tourism strategic and marketing plans; managing programs and activities that enhance and showcase Guam's people, place and culture in order to deliver an incomparable visitor experience; and coordinating tourism-related research, planning, events and outreach activities. GVB serves as a critical bridge linking government, the tourism industry, visitors and the local community, and aims to contribute successfully to a good quality of life for residents through tourism.

MANAGEMENT HIGHLIGHTS

Optimism over Guam's record trending first quarter trajectory in visitor arrivals suddenly dissipated, and then crumbled, under the weight of a protracted, and still lingering, COVID-19 pandemic. Total arrivals decreased -14% in February during the early stages of infection, but then plummeted -98% by March following international and local government quarantine restrictions.

The precipitous drop in visitor arrivals adversely impacted hotel occupancy taxes and the Tourism Attraction Fund, from which the Bureau's operating and capital budgets are derived. In anticipation of the uncertainties brought on by the pandemic, management proactively cut operating costs and shifted stewardship of resources toward containment of the pandemic and plans for recovery when the timing is appropriate.

Unlike SARS, which took Guam only five months in 2002 to return to pre-pandemic level of visitors, COVID-19 is a far different pandemic that has proven to be more devastating, triggering the deepest global economic recession in nearly a century. In the case of SARS, travel trade and institutional infrastructure were merely paused until travel demand picked up in a somewhat stable global economy. The COVID-19 impact, however, is much more profound due to the pandemic's widespread reach in disrupting economies; threatening or hurting the health and well-being of communities; and causing bankruptcies across all economic sectors.

Compared to 2019, for instance, the $1.3 trillion estimated loss in tourism receipts was more than 11 times the economic loss from the global crisis ten years ago. The result has been and continues to be, diminished global travel demand. Guam's tourism recovery is impacted by the market environment and pandemic containment at home and in our key markets of Japan, South Korea, and Taiwan. Air service is also an issue. However, capacity and frequency issues will be responsive to the travel demand generated.

Various overall highlights pf fiscal year 2021 are detailed as follows:

The Vax N' Win! campaign was created as an incentive to achieve herd immunity by getting 80% of the island's eligible adult population fully vaccinated. In line with the Governor of Guam's "Operation: Liberate Guam", the campaign's goal was to reach herd immunity by July 21, 2021, the anniversary of Guam's Liberation Day. GVB administered the campaign which incentivized the eligible adult population to get fully vaccinated. When the campaign launched in early June 2021, 69% of Guam's adult population was fully vaccinated. Thirteen thousand (13,000) additional shots were needed in order to reach the 80% goal and therefore, GVB aggressive campaign was launched, providing incentives such as weekly car and $10,000 cash giveaways as well as prizes donated by businesses around the island.

GVB also served as the official organization to advocate for the implementation of these protocols in Guam and issued the World Travel & Tourism Council (WTTC) SafeTravels stamp to local businesses. GVB established the Guam Safe Certified + WTTC SafeTravels marketing campaign, which endorses businesses that follow both local and global, health and safety protocols.

With continued efforts to revitalize Guam's tourism, different programs were also introduced such as the Hafa Adai Half Campaign which offers air service support and travel agent incentives, Air V&V or Air Vacation and Vaccination, and the PCR (polymerase chain reaction) Testing which is to be offered to tourist who is turning to their home country that requires test upon re-entry. The campaign was introduced in the latter part of the fiscal year 2021. From the Air V&V program, Guam received more than 2,300 visitors from Taiwan in July and August.

GVB in collaboration with the Customs and Quarantine Agency (CQA) and the Guam International Airport Authority (GIAA) had also officially launched the implementation of the Guam Electronic Declaration Form (EDF) on March 25, 2021. The successful implementation of the EDF provided travelers to Guam with a safer touchless entry process upon arrival. The EDF initiative was established as a direct response to the COVID-19 pandemic to limit human contact and the potential spread of diseases between travelers and airport personnel.

As Guam navigates the challenging times, it gives GVB the opportunity to refocus to support local and international audiences by highlighting unique cultures of the Mariana and Micronesian Islands through the first virtual Guam Micronesia Island Fair (GMIF). With this year's theme called the "Guam Micronesia Online Fair," the annual Guam Visitors Bureau signature cultural event has returned with on-demand videos and content highlighting island delegations and cultural groups that can be accessed at any time. The special Guam Micronesia Online Fair can be accessed at www.visitguam.com/gmif2021.

GVB also hosted Give Us A Moment: GUAM Online Exhibition, which successfully garnered 218,000 visits and over 155,000 impressions over two weeks in November. The B2B and B2C event provided the opportunity to learn about Guam, travel updates, safety protocols, and product offerings

Partnered with local tourism partners to host the "Get Up and Move" webinar — an online event for nearly 300 travel agents in Taipei, Taichung, and Kaohsiung also highlight GVBs efforts for the fiscal year 2021. GVB highlighted Guam's hotels and optional tours as well as updated travel agents on the GVB's airline and MICE incentives.

MARKETING

Working within a budget reduction of over 90%, the marketing department managed to grow social media followers in our source markets and launch training programs and campaigns designed to help the people and businesses of Guam. Promotions such as Protect Guam, the GVB Digital Academy, and Vax N'Win over 74 million impressions over the course of the fiscal year.

Once vaccines were made available to visitors, GVB launched the Guam Air V&V campaign that was well received, particularly in Taiwan. Despite a self-paid 14-day mandatory quarantine in a government-designated facility, nearly 3,000 visitors made their way to Guam, stayed on Guam for the required period between vaccinations, and then returned home to quarantine.

With limited resources, one of the marketing department's goals was to keep Guam top of mind as people dreamed of once again traveling once the world reaches the next normal. To make these dreams come true, in addition to social media, GVB has maintained close contact with travel agencies and airlines armed with cooperative programs ready to launch once travel restrictions from their respective countries are lifted.

RESEARCH

With the prolonged negative impacts of the COVID-19 pandemic on Guam's tourism industry, research continues to be an essential aspect in the decision-making process for our island leaders. Issues of safety and public health have become top priorities for visitors and there is greater anticipation that the global profile of travelers will continue to transform. It is the responsibility of the GVB Research Department to work with other entities to collect, analyze, and evaluate pertinent data on the visitor industry in order to provide and disseminate comprehensive statistics for the benefit of our island.

In-Country Research (Qualitative/Quantitative)

A major component to understanding our changing visitor markets is the performance of comprehensive in-country research in our major source markets. To better understand the shifts in demand and potential business opportunities, qualitative in-country research built around comprehensive focus groups and target segments, will assist our management team and industry leaders in strategically determining where to invest our limited resources. In addition to the in-country research the migration of our exit surveys into an in-country quantitative report, will also prove to be a useful tool in planning our recovery efforts. These surveys will provide a very comprehensive look into key metrics like visitor expenditures, demographics, satisfaction levels as well as a psychographic analysis derived from their most recent experiences on Guam. With the anticipated shift in visitor profiles from our top markets due to the pandemic, it is crucial to continue to track these shifts over time.

Data Analytics Interactive Dashboard

With the implementation of an interactive dashboard into our corporate website in 2019, the Research Department provides the general public with access to valuable information at the convenience of online accessibility. By publishing the statistical information derived from the customs forms, exit surveys, and onsite consumer surveys on an interactive dashboard, businesses and local leaders can dissect key data metrics that can be used in their efforts and strategies to provide a better experience for our visitors.

Scanner and Software Maintenance

Although GVB and CQA have migrated to an electronic version of the form, we need to continue to have hard copies of the declaration form and their associated scanners as a contingency plan. Preventative maintenance for the two i700c Optimal Image scanners including parts, service, and supplies required for daily, weekly, monthly, semi-annual maintenance procedures (includes authorized scanner technician travel expenses) and on-call telephonic service. In addition, the presence of an arrival forms processing clerk for the research department enables the scanning and auditing of the data to be efficiently up to date.

Electronic Declaration Form Development, Support & Hardware

As the Guam Customs and Quarantine Declaration forms continue to be the main instrument for the data collection on our visitors, GVB in collaboration with the Guam Customs and Quarantine Agency (CQA) has introduced an Electronic Declaration Form (EDF) in 2021. As a direct response to the coronavirus pandemic, GVB and CQA provides a digital, touchless process for all arriving passengers to Guam. The hosting and technical support of the operations and functionality of the EDF are necessary in providing a safer more efficient experience to both our visitors and residents. This digital entry process will improve our efforts in collecting and analyzing visitor data as it relates to our economy.

With the rollout of the Electronic Declaration Form in Fiscal Year (FY) 2021, there is a greater need to ensure that the hardware used in its implementation is serviced and properly replaced to avoid any interruptions in both GVB and CQA's daily operations. The use of scanning equipment, to replacements of visitor kiosks will be essential as Guam migrates to this digital entry process for the next several years.

Impact Studies and Reports

The major changes in our local community as well as our visitor source markets over the past couple of years, has motivated the bureau to look deeper into the overall impact these events have on our industry as well as our economy. With the establishment of an annual Tourism Satellite Account (TSA) report, we can closely monitor and track the overall impact visitor arrivals have on expenditures, government revenue and our local workforce. The TSA enables us to continue to draw comparisons and measure the overall importance our tourism industry has on the economy. In addition, measuring the attitudes and perceptions of local residents in terms of the visitor industry is another key component for GVB to determine its marketing plans and strategies.

Subscriptions, Dues and Membership

Maintaining and updating the GVB reference library through traditional and electronic methods to enhance the Research Department's ability to conduct desk research. Annual Subscriptions to Diio Mi market intelligence for the aviation industry, STR Global reports, Statista, UNWTO, PATA, Survey Monkey, TTRA membership are key to ensuring accurate data is being captured and reported. Further investment into global data platforms will help GVB in understanding tourism trends as every destination looks to recover.

Present & Potential Market Research

Research is the fundamental source that helps the GVB formulate its plan for the sustainability of Guam's tourism industry. The GVB utilizes market intelligence, historical and current visitor data that takes into account changes in seasonal trends, demographics, economic changes, and current market trends. Qualitative and quantitative research in-country and on Guam allow us to better understand the drivers of visitor awareness, satisfaction, market conditions and identify potential new markets such as the "Lesbian, Gay, Bi-Sexual and Trans (LGBT)". As new events occur throughout the year, being able to formulate various impact studies and strategies within a reasonable timeframe is a proactive approach to understanding the implications these events will have on our visitor industry. We will expand our current research efforts to include specialized/niche market studies and surveys. In our efforts to understand the return on investment from the bureau's operations, we will continue to administer studies that provide information that will educate and facilitate data-driven decision-making that support GVB's strategic plans, brand maintenance, brand experience, and brand management efforts.

The Research Department is committed to providing valuable data and analytics on Guam's visitor industry. In the more than twenty years since its creation, the GVB Research Department has consistently implemented the core projects outlined in its enabling legislation by producing over 300 statistical reports, conducting and issuing information for more than 456 exit surveys analyzing responses of visitors from our major markets, producing reports on the visitor industry labor market, and analyzing data obtained from the arrival forms completed out by visitors.

CULTURAL HERITAGE, BRANDING AND COMMUNITY OUTREACH

Cultural Heritage, Branding and Community Outreach is tasked to provide a glimpse of Guam's cultural experience in GVB's promotional efforts, both locally and abroad, and to promote, support, and facilitate the revitalization and display of Guam's heritage, cultural values, and natural history.

As we navigated through this challenging time, the opportunity to refocus to support local and international audiences by highlighting our unique cultures of the Mariana and Micronesian Islands through our first virtual Guam Micronesia Island Fair (GMIF). With this year's theme called the "Guam Micronesia Online Fair," the annual Guam Visitors Bureau signature cultural event has returned with on-demand videos and content highlighting island delegations and cultural groups that can be accessed at any time. Enjoy these special Guam Micronesia Online Fair performances and share them with your network of family, friends, and colleagues at www.visitguam.com/gmif2021.

The Bureau was one of the representatives of a 9-member commission of local leaders and scholars through the passage of Former Senator Kelly Marsh-Taitano's legislation which established "I Estoria-ta Inetnon Estudion I Umali'e' yan Umafana' I Taotao Hiyong Yan Taotao Tano." The establishment of the commission is to finally share Guam's ancestral accounts of Magellan and Elcano's circumnavigational journey that sailed them right through Guam waters in March 1521.

The Spanish navy training ship Juan Sebastian De Elcano arrived on Guam, February 26, 2021, to retrace the first circumnavigational of the globe 500 years ago.

The World Travel & Tourism Council (WTTC) created the world's first ever global safety and hygiene stamp. The specially designed Safe Travels stamp enables travelers to recognize destinations around the world which have adopted health and hygiene global standardized protocols.

WTTC has produced new global Safe Travels protocols for use by the Travel & Tourism sector as best practice guidelines to help restart and speed up the recovery of the sector in the wake of COVID-19. The global protocols are designed to help rebuild confidence among travelers, and within the sector, so safe travel can resume once restrictions are eased. The global protocols were developed in collaboration with WTTC Members, leading industry associations & international organizations and take into account the current guidelines of the World Health Organization (WHO) and the Centers for Disease Control and Prevention (CDC). The global protocols are living documents which will be updated as new information becomes available about COVID-19.

The Bureau served as the official organization to advocate for the implementation of these protocols in Guam and issued the WTTC SafeTravels stamp to local businesses. GVB established the Guam Safe Certified x WTTC SafeTravels marketing campaign, which endorses businesses that follows both local and global, health and safety protocols.

The Vax N' Win! campaign was created as an incentive to achieve herd immunity by getting 80% of the island's eligible adult population fully vaccinated. In line with the Governor of Guam's "Operation: Liberate Guam", the campaign's goal was to reach herd immunity by July 21, 2021, the anniversary of Guam's Liberation Day.

When the campaign launched in early June 2021, 69% of Guam's adult population was fully vaccinated. Thirteen thousand additional shots were needed in order to reach the 80% goal and therefore, an aggressive campaign was launched, providing incentives such as weekly car and $10,000 cash giveaways as well as prizes donated by businesses around the island.

As a result of the campaign, herd immunity was achieved on July 29, 2021. More than 60,000 entries were submitted with a social media reach of over 3 million and over 104,000 clicks on the campaign landing page.

DESTINATION DEVELOPMENT AND MANAGEMENT

Destination Development identifies projects and programs that will enhance Guam's visitor experience and improve the quality of life for island residents. While capital improvements are necessary to reinvigorate our product, consistent and effective maintenance is just as important in keeping a safe and positive image of Guam.

Collaborating with public and private institutions impacting the social, economic, and environmental dimensions of tourism is a major responsibility of the Destination Development and Management. The central goal of this department is delivering and exceeding the unique visitor experience promised in the marketing message conveyed to potential customers. And this goal is achieved by showcasing our cultural heritage, organizing exciting world-class events, and good stewardship of key infrastructure facilities that add value to the visitor experience and contribute to the safety and security of visitors and residents alike.

The focus is on improving tourism infrastructure, safety, and satisfaction. Over the years, the Bureau has taken on an increased role in the upkeep of Guam's main tourist corridor, San Vitores Road.

In FY 2021, GVB oversaw the maintenance of major tourist infrastructure to include San Vitores Road, Tumon and Hagåtña Bays, Island Roadways, Tumon Bus Shelters, Sidewalks, and Tree Mitigation. To guarantee quality standards, GVB contracts a Quality Assurance Manager to ensure the protection of GVB's investment and to uphold a close relationship with GovGuam entities and the private sector to address and resolve issues, as well as an Architectural and Engineer Consultant to oversee Capital Improvement Projects.

Beach Cleaning Maintenance

Maintenance of Hagåtña Bay (from Apotguan Beach Pavilion) to Onward Hotel and Tumon Bay (from Hilton to Gun Beach). Scope of work includes mechanical and manual beach raking, trash collection, tree and ground cover trimming.

Contract Administration and Inspection Services

The success of GVB contracts relies on a Quality Assurance Inspector to make certain that the scope of works is kept to standard. It includes overall infrastructure inspection and coordination with GovGuam agencies to ensure safety issues are addressed in a timely manner.

Planning & Architectural-Engineering Services

The WB Flores consultant possesses technical expertise and management capabilities to oversee Capital Improvement Projects meant to encourage more investment into the tourist district and to spur additional economic activity for the benefit of the people of Guam.

Insurance Claims

GVB, with assistance from the Guam Police Department, collects police reports for accidents occurring along Pale San Vitores Road that damage GVB infrastructure (i.e., landscape and hardscape). If a police report is available, GVB files a claim against the insurance to recoup costs for repairs.

Island Road Maintenance

Maintenance of Rt. 1 (Dededo Flea Market to Naval Station), Rt. 2A and 2 (Naval Station to Cetti Bay), Rt. 16 (Rt. 1 to Harmon McDonald's), Rt. 4 (Rt. 1-Chalan Laman, Inarajan), and Rt. 34 (Two Lovers Point). Scope of work includes trash collection, grass cutting, scraping, edging, and trimming.

Stormwater Management System Maintenance – Phase II: Fujita Ponding Basin
Maintenance includes dewatering measures, the desilting of Fujita Ponding Basin, construction survey and staking, installation and maintenance of erosion controls, monitoring and protective measures required for the protection of the resident moorhens.

Tumon Bus Shelters

Maintenance of a total of 12 bus shelters at GVB, PIC, Across PIC, Fountain Plaza, Across Hyatt, Pacific Bay/Churrasco, Westin, Kracked Egg, Pacific Place, Holiday Resort, Sand Castle, and Lotte Hotel. Scope of work includes wiping down the shelters and keeping the structures graffiti-free.

Tumon Landscape Maintenace

Maintenance of Pale San Vitores Road from Archbishop Flores Rotunda to Lotte Hotel, including JFK and Westin hills. Scope of work includes tree and shrub trimming, grass cutting, sweeping/blowing of sidewalks, trash collection (including bus shelter trash collection).

Tree Mitigation

Proper pruning of trees along San Vitores Road to manage tree health, provide clearance, improve tree structure, and reduce the risk of branch failure. This includes the removal of trees that are dead, declining in health, interior decay or roots pose a serious threat to infrastructure.

Anti-Graffiti

GVB has actively been involved in the Anti-Graffiti campaign by immediately responding to tagging of public infrastructure. Scope of work includes Pale San Vitores Road, San Vitores Road, Fujita Road, JFK Hill, Westin Hill, Carlos Camacho Road, Farenholt, Chalan San Antonio, Bishop Flores Rotunda, and Route 1 from Micronesia Mall intersection to Paseo.

SPORTS & EVENTS

Despite mass vaccination efforts to control the coronavirus in 2021, the Guam Visitors Bureau was once again forced to shelve plans to host and/or sponsor signature events and activities in 2021.

Notable event cancellations such as the United Guam Marathon, Guam Micronesia Island Fair, Guam Ko'ko' Kids Fest, Smokin' Wheels, and other highly anticipated events continue to be delayed as a result of COVID-19 restrictions and regulations.

The Bureau's top priority continues to be the safety of our island residents and visitors with the cancellation of all the Bureau's signature events as a result of COVID-19 restrictions and regulations which currently limit and restrict social/group gatherings.

The Sports and Events division of the Guam Visitors Bureau remains committed to identifying, advocating, and further developing sports tourism as a tool for promoting Guam and looks forward to reintroducing events and activities as regulations ease.

VISITOR SAFETY & SATISFACTION

Visitor Safety & Satisfaction is tasked to address issues that directly affect the experience of our visitors. The core objective of Visitor Safety & Satisfaction is to maintain Guam's reputation as a safe destination and provide quality control measures that will ensure a positive experience for our guests that will encourage new and repeat visitors.

Visitor Safety Officer Program

The Visitor Safety Officer (VSO) program was established in 2014 to provide the presence of concierge and safety to the foot traffic of Tumon, our tourism district. Throughout the years, the program has seen great success in perpetuating the Håfa Adai spirit to both residents and visitors while also serving as a crime deterrent.

The VSO program is a community program that serves to uphold Guam's reputation as a safe and family friendly-destination. The VSOs work to support the efforts of the Guam Police Department and the Department of Parks & Recreation's Park Patrol unit. In FY 2021, the VSOs assisted in over 5,000 safety and security incidents. The program prides itself in the VSO's level of professionalism with many VSOs upholding skillsets that range from customer service, tourism relations, military and law enforcement training. They are frontline Håfa Adai ambassadors who demonstrate our island's renowned spirit of hospitality through their presence as demonstrated by over 100,000 recorded community advisory and assistance in FY 2021.

Tour Guide Certification Program

GVB monitors tour guides and tour sites throughout Guam. The Tour Guide Certification Program was formed under Public Law 23-136 requires the training and certification of all Guam tour guides. This law requires GVB to establish guidelines regulating the conduct and operations of tour companies, inclusive of personnel. The Guam Community College conducts the instructional portion of the program, while GVB issues identification badges and handles compliance activities. To ensure efficient and effective compliance with this program, GVB has contracted a Tour Guide Enforcement Officer. Under the TGC Program, we will continue to conduct an instructional review and update the program based on the current needs of Guam's tourism industry.

In FY 2021, GVB partnered with the Bureau of Statistics and Plans (BSP) to develop the curriculum for the first-ever launch of the Marine Tour Operator certification program. The course curriculum will cover professional standards, marine biology information, safety guidance, and strategies for reef-safe marine tourism. The goal of the program is to facilitate the growth of Guam's tour operators.

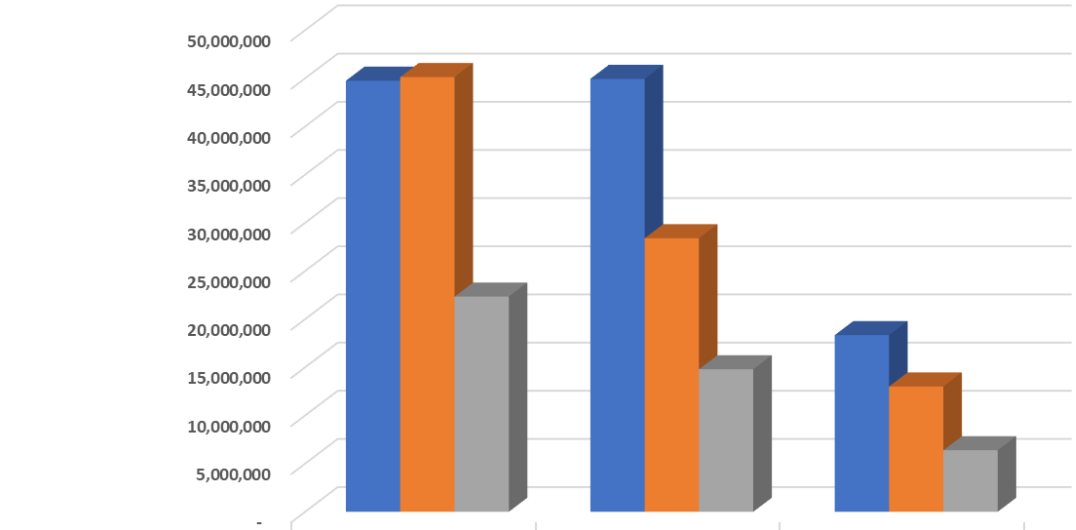
FINANCIAL HIGHLIGHTS

The following table summarizes the change in net position of the Bureau for the fiscal years ended 2021, 2020 and 2019.

	2021	2020	2019
Assets:			
Current assets	$ 14,024,694	$ 16,052,535	$ 20,535,609
Security deposit	133,230	133,230	133,230
Capital assets	6,510,171	6,339,885	6,395,194
Total assets	20,668,095	22,525,650	27,064,033
Deferred outflows of resources	3,719,902	3,661,318	2,361,928
	$ 24,387,997	**$ 26,186,968**	**$ 29,425,961**
Liabilities:			
Current liabilities	$ 1,996,346	$ 1,354,740	$ 5,337,207
OPEB liability	6,649,220	7,392,672	5,292,875
Net pension liability	5,085,558	4,739,535	4,909,463
Accrued sick leave	40,003	42,891	38,668
Total liabilities	13,771,127	13,529,838	15,578,213
Deferred inflows of resources	2,907,894	2,077,121	2,255,609
Commitments and contingencies			
Net position:			
Net investment in capital assets	6,510,171	6,339,885	6,395,194
Restricted - expendable	392,705	1,668,070	2,707,091
Unrestricted	806,100	2,572,054	2,489,854
Total net position	7,708,976	10,580,009	11,592,139
	$ 24,387,997	**$ 26,186,968**	**$ 29,425,961**

The Bureau's operation is funded by the 11% hotel occupancy tax which are shown as Grants-in-aid from the Government of Guam. This is authorized through the Legislature's annual budget appropriations. In the fiscal year 2021, Public Law 35-99 originally appropriated $6,389,099 from the Tourist Attraction Fund (TAF) for GVB operations. With the challenges that the COVID-19 brought, and deflated the tourist arrivals, the Bureau was able to recognize only 83% of the funds appropriated, of which $1,064,850 remained uncollected, as of September 30, 2021.

The table below shows a comparison of actual GVB TAF Appropriation.



	FY19	FY20	FY21
BUDGETED TAF SPECIAL REVENUE	44,746,562	44,941,131	18,336,091
ACTUAL TAF SPECIAL REVENUE	45,130,108	28,390,797	13,002,438
GVB TAF APPROPRIATION	22,335,216	14,790,306	6,389,099

TAF revenue projections for FY 2021 were $18,336,091, but unaudited actual TAF collections were only at $13,002,438, resulting in a 29% shortfall or $5,333,653 during the fiscal year.

Operating revenues for the fiscal year include consumption tax refund which was drastically reduced this fiscal year due to limited activity in the Japan Office. Membership revenue increases as this is mostly attributed to an election year.

Other non-operating revenues include federal revenues received which relate to additional pass-thru expenses for various programs and campaigns administered by GVB which are for the Electronic Declaration Form project, the Vax N'Win and Liberation Day programs.

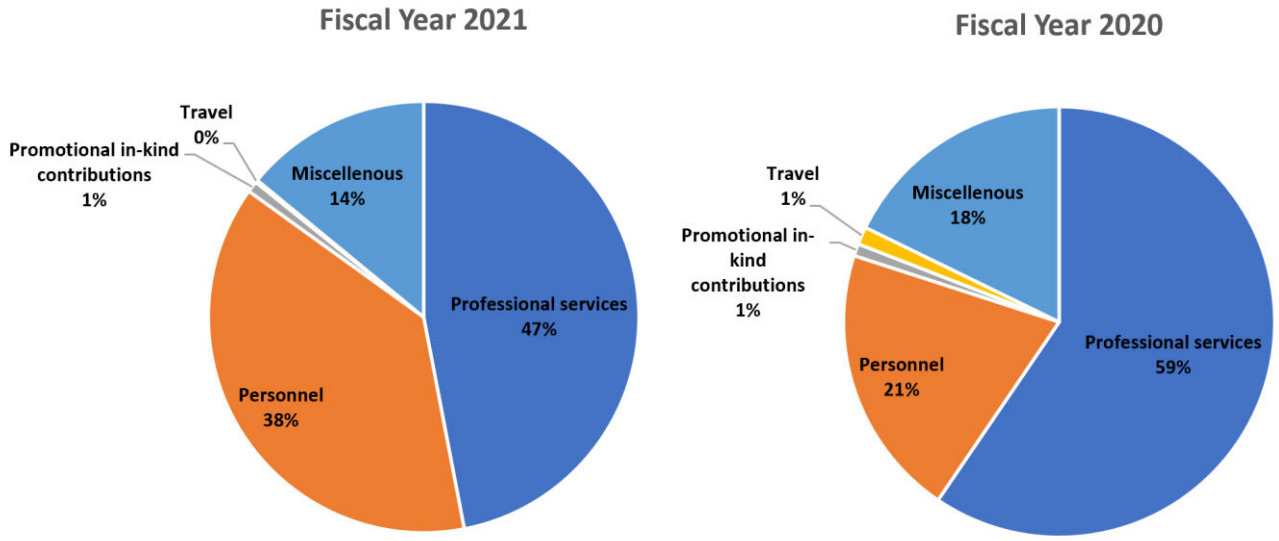
FY 2021 closed with operating expenses amounting to $8,323,194 which is 47% lower than FY 2020 operational spent. The additional drop in operating expense if compared to FY 2019 is at 69% which is as a result of the continuous drastic cost-cutting measures and delay in spending due to the uncertainty of the tourist arrival affecting TAF collections as the world continues to battle against COVID-19 pandemic and its evolving variants.

Professional services of $3,909,895 were cut further down to 58% compared to the FY 2021 budget and all marketing representations overseas were adjusted to a minimum fee just to maintain market presence. Marketing professional fees represent 64% of the cost. Destination management represents 32% of the cost of which relates to management improvement and maintenance of destination facilities, attractions, such as continuous upkeep of the Tumon landscape, beach cleaning, bus shelter maintenance, and grass cutting service along Tumon and Marine drive.

Personnel expenses are maintained on the same level. During the fiscal year, there are no travel expenses except for the Palau Trip which GVB represented the Independence Day Ceremony - Koror, Palau and one representation at the Liberation Festivities in Washington D.C. Gifts and Prizes under the miscellaneous expenses includes raffle prizes that were distributed as part of the VaxN'Win campaign.

Conserving cash and maximizing opportunities for spending were at the forefront of last fiscal year's operational spending.

	2021	2020	2019
Operating revenues	$ 209,420	$ 786,935	$ 1,521,085
Expenses:			
Professional services	3,909,895	9,343,475	15,319,920
Personnel	3,158,026	3,219,026	2,886,579
Rent/Lease	175,379	188,788	180,993
Utilities	125,777	155,429	178,356
Depreciation	115,420	87,292	83,333
Promotional in-kind contributions	70,121	143,675	374,310
Material and supplies	64,212	99,734	372,758
Repairs and maintenance	50,962	34,246	47,954
Equipment	46,944	91,114	133,116
Grants	24,999	58,750	164,500
Travel	14,763	208,345	711,305
Advertising	12,818	31,995	348,566
Printing	3,942	44,178	68,197
Foreign Currency Loss	3,570	25,186	-
Consumption Tax	1,213	76,799	55,496
Miscellaneous	545,153	1,896,493	5,524,435
Total operating expenses	8,323,194	15,704,525	26,449,818
Operating revenues net of operating expenses	**8,113,674**	**14,917,590**	**24,928,733**
Nonoperating revenues (expenses):			
Grants-in-aid from Government of Guam	5,324,249	15,430,306	22,335,216
Federal Contributions	436,028	111,699	176,000
Contribution from component units	-	87,691	-
Pass through appropriations	-	(640,000)	-
Interest income	5,046	44,779	77,685
Other nonoperating expense	(522,582)	1,129,115	(276,051)
Total nonoperating revenues (expenses), net	5,242,741	16,163,590	22,312,850
Change in net position	**(2,871,033)**	**(1,012,130)**	**(2,615,883)**
Net position at beginning of year	10,580,009	11,592,139	14,208,022
Net position at end of year	**$ 7,708,976**	**$ 10,580,009**	**$ 11,592,139**



The pie chart above illustrates the distribution of expenses from last fiscal year compared to fiscal year 2020.

Although due to the various COVID-19 protocols that slows down tourism arrival and eliminates the usual heavy traffic of transactions that relates to marketing projects and campaigns, finance and admin department remain preoccupied in processing transactions that relates to local activities, programs, and projects which the bureau was tasked to do. Few of these federally funded efforts are the Electronic Declaration Form implementation, the VaxN'Win and Liberate Guam programs which requires rigorous reporting, monitoring, and control.

With many limitations brought by second wave of the COVID-19 affecting employee work scheduled as a result of isolation, the bureau geared towards more automation and emergency offsite work which include gradually enabling the accounting software accessibility and secured access from the cloud. During the fiscal year, minor improvements at the 27-year-old GVB was completed maximizing the use of space and functionality by adding additional workstations and mini-conference room.

To augment the shortfall during the fiscal year, GVB's rainy day fund balance was also authorized to be spent by the board and the Legislature thereby decreasing the restricted expendable balance. The funds were tracked as market recovery with a carry forward to fiscal year 2022.

Accounts payable increased to 52% due to the accruals made relative to the Air Incentive programs which was launched at the later part of the fiscal year which ties into the Air V&V program.

The Bureau has included in its financial report disclosures of contingent liabilities for one a vendor for services totaling $421,857 as of September 30, 2021. Management had communicated to the vendor that services rendered was not pre-authorized and therefore they are unable to honor the services and cannot make payment. No provision is recorded in the accompanying financial statements; however, discussion continues as to next steps in resolving the pending issue.

CAPITAL ASSETS AND LONG-TERM DEBT

The Bureau is not capital intensive and therefore, significant capital asset activity did not occur in 2021, 2020 and 2019. For additional information regarding capital assets, please refer to Note 5 of the Financial Statements.

Additionally, the Bureau has no long-term borrowings. However, for additional information concerning other long-term liabilities, please refer to Notes 9 of the Financial Statements.

OUTLOOK

The outlook for Guam's tourism in 2022 is more optimistic than its predecessor. Current visitor arrival forecasts project an increase of about +111% over FY 2021. This relatively conservative recovery anticipates a stronger ramp up in arrivals in the second half of the financial year. As Guam's core markets continue to approach herd immunity through vaccination efforts (Korea 86%, Japan 80% and Taiwan 77%), further easing of border restrictions and travel protocols is highly anticipated. These occurrences will enable tourism supply channels, who have remained stagnant throughout the pandemic, to gain significant stable traction in their efforts to restart activity. However, the Bureau remains under the expectation that our tourism industry will take several years to recover the pre-pandemic volume achieved in FY 2019.

Major tourism trade and aviation organizations like the WTTC, UNWTO, ICAO, and IATA share the common sentiment of a recovery to pre-COVID-19 levels not before 2024 at the earliest. Travel experts in a UNWTO survey were cautious in their outlook, the majority of whom do not expect a return to pre-pandemic levels before 2023. Consulting company McKinsey is projecting 70% of 2019 international visitors in 2023. And the Pacific Asia Travel Association is forecasting a "mid-range" estimate of three-quarters the 2019 volume of international visitors in 2023, or a "severe scenario" of less than half the 2019 volume.

Although tourism entities do not expect a significant return in tourism for several years, recent signs of momentum in our markets only strengthens this outlook and perhaps a potential recovery sooner. Current significant practical protocol policy to manage travel-related risk reduction measures, testing, contact tracing and vaccinations can be used to convey the promise of a safe destination experience. If these encouraging conditions hold we can anticipate welcoming around 130,000 visitors for the year ahead.

Management's Discussion and Analysis for the year ended September 30, 2020 is set forth in GVB's report on the audit of the financial statements, which is dated March 18, 2021, and that Discussion and Analysis explain the major factors impacting the 2020 financial statements and can be viewed at the Office of the Public Auditor's website at https://www.opaguam.org/reports-audits/financial-audits?page=2 .

MANAGEMENT CONTACT

This financial report is designed to provide GVB's stakeholders (citizens, taxpayers, customers, investors, investors and members) with a general overview of GVB's finances and to demonstrate the Bureau's accountability for the money it receives.

For questions or additional information, please contact Josie Villanueva, Director of Finance, Guam Visitors Bureau, 401 Pale San Vitores Road Tumon, Guam 96913; e-mail: josie.villanueva@visitguam.org or call (671) 646-5278, (671) 686-4829; or log on to our website at: www.guamvisitorsbureau.com.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Statements of Net Position
September 30, 2021 and 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash - unrestricted	$ 12,028,298	$ 11,165,030
Cash - restricted	173,114	1,415,490
Investments	1,749,835	1,397,140
Due from Government of Guam	11,104	1,730,293
Accounts receivable - others	37,320	332,877
Prepaid expenses	25,023	11,705
Total current assets	14,024,694	16,052,535
Security deposit	133,230	133,230
Capital assets:		
Nondepreciable capital assets	6,047,308	5,992,415
Depreciable capital assets, net of accumulated depreciation	462,863	347,470
Total assets	20,668,095	22,525,650
Deferred outflows of resources:		
Deferred outflows from OPEB	2,458,459	2,630,159
Deferred outflows from pension	1,261,443	1,031,159
Total deferred outflows of resources	3,719,902	3,661,318
	$ 24,387,997	$ 26,186,968
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	$ 1,806,400	$ 1,191,650
Accrued annual leave	187,746	152,890
Unearned income	2,200	10,200
Total current liabilities	1,996,346	1,354,740
OPEB liability	6,649,220	7,392,672
Net pension liability	5,085,558	4,739,535
Accrued sick leave	40,003	42,891
Total liabilities	13,771,127	13,529,838
Deferred inflows of resources:		
Deferred inflows from OPEB	2,622,361	1,658,564
Deferred inflows from pension	285,533	418,557
Total deferred inflows of resources	2,907,894	2,077,121
Commitments and contingencies		
Net position:		
Net investment in capital assets	6,510,171	6,339,885
Restricted - expendable	392,705	1,668,070
Unrestricted	806,100	2,572,054
Total net position	7,708,976	10,580,009
	$ 24,387,997	$ 26,186,968

See accompanying notes to financial statements.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2021 and 2020

	2021	2020
Revenues:		
Consumption tax refund	$ 56,624	$ 576,480
In-kind contributions from members and others	70,121	143,675
Other income	18,374	49,078
Memberships	64,301	17,702
Total operating revenues	209,420	786,935
Expenses:		
Professional services	3,909,895	9,343,475
Personnel	3,158,026	3,219,026
Rent/lease	175,379	188,788
Utilities	125,777	155,429
Depreciation	115,420	87,292
Promotional in-kind contributions	70,121	143,675
Material and supplies	64,212	99,734
Repairs and maintenance	50,962	34,246
Equipment	46,944	91,114
Grants	24,999	58,750
Travel	14,763	208,245
Advertising	12,818	31,995
Printing	3,942	44,178
Foreign currency loss (gain)	3,570	25,186
Consumption tax	1,213	76,799
Miscellaneous	545,153	1,896,493
Total operating expenses	8,323,194	15,704,425
Operating revenues net of operating expenses	(8,113,774)	(14,917,490)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam:		
Operations	5,324,249	14,790,306
Pass through	-	640,000
Federal contributions	436,028	111,699
Contribution from component units	-	87,691
Pass through appropriations	-	(640,000)
Interest income	5,046	44,779
Other nonoperating revenues (expenses), net	(522,582)	(1,129,115)
Total nonoperating revenues (expenses), net	5,242,741	13,905,360
Change in net position	(2,871,033)	(1,012,130)
Net position at beginning of year	10,580,009	11,592,139
Net position at end of year	$ 7,708,976	$ 10,580,009

See accompanying notes to financial statements.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from members	$ 56,301	$ 11,451
Cash received from other sources	367,733	644,960
Cash paid to employees	(1,898,981)	(1,478,036)
Cash paid to suppliers	(5,227,690)	(17,459,268)
Net cash used for operating activities	(6,702,637)	(18,280,893)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	7,043,438	15,614,843
Federal grants	436,028	58,137
Other receipts (disbursements), net	(517,536)	(1,041,188)
Cash paid to pass-through entities	-	(640,000)
Net cash provided by noncapital financing activities	6,961,930	13,991,792
Cash flows from investing activities:		
Investment in TCD	(352,695)	(517,221)
Purchase of capital assets	(285,706)	(31,983)
Net cash used for investing activities	(638,401)	(549,204)
Net change in cash	(379,108)	(4,838,305)
Cash at beginning of year	12,580,520	17,418,825
Cash at end of year	$ 12,201,412	$ 12,580,520
Consisting of:		
Unrestricted	$ 12,028,298	$ 11,165,030
Restricted	173,114	1,415,490
Cash at end of year	$ 12,201,412	$ 12,580,520
Reconciliation of operating revenues net of operating expenses to net cash used for operating activities:		
Operating revenues net of operating expenses	$ (8,113,774)	$ (14,917,490)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities:		
Depreciation	115,420	87,292
Non-cash OPEB costs, net	392,045	551,966
Non-cash pension costs (benefits), net	(17,285)	(99,975)
Decrease (increase) in assets:		
Accounts receivable - others	295,557	44,438
Prepaid expenses	(13,318)	31,120
Increase (decrease) in liabilities:		
Accounts payable	614,750	(4,006,683)
Accrued annual and sick leave	31,968	34,690
Unearned income	(8,000)	(6,251)
Net cash used for operating activities	$ (6,702,637)	$ (18,280,893)

See accompanying notes to financial statements.

(1) Organization

The Guam Visitors Bureau (GVB) is a public corporation established for the purpose of promoting the visitor industry in Guam. As a result of the application of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, GVB is considered a component unit of the Government of Guam (GovGuam). GVB receives operating appropriations that derive from the GovGuam Tourist Attraction Fund, as appropriated by the Guam Legislature.

GVB is governed by a thirteen member Board of Directors. The Board members comprise, GVB General Manager, Directors elected at large by GVB members and appointments made by the Governor and the Guam Legislature.

(2) Summary of Significant Accounting Policies

The accompanying financial statements of GVB have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GASB is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. GVB's significant accounting policies are described below:

A. Basis of Accounting

GVB utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with GAAP as applied to governmental units using the accrual basis of accounting.

GVB's revenues are derived primarily from consumption tax refunds, in-kind contributions, other income (sponsorship and donations) and memberships are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues/expenses. Revenue is recognized on the accrual basis. All expenses related to GVB's operations are reported as operating expenses.

B. Net Position

Net position represents the residual interest in GVB's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of the following three sections:

- Net investment in capital assets: capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted: nonexpendable - net position subject to externally imposed stipulations that require GVB to maintain them permanently. Expendable – net position whose use by GVB is subject to externally imposed stipulations that can be fulfilled by actions of GVB pursuant to those stipulations or that expire with the passage of time.

- Unrestricted: net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

C. Budget

An annual appropriated budget has not been formally adopted on a legal basis or a basis consistent with GAAP. Accordingly, a budget to actual presentation is not required or presented.

(2) Summary of Significant Accounting Policies, Continued

D. Cash

For purposes of the statements of net position and of cash flows, cash is defined as cash on hand, cash deposits in banks, and time certificates of deposit with initial maturities of three months or less. Investments in time certificates of deposit with original maturity dates greater than three months are separately classified on the statements of net position.

E. Capital Assets

Property and equipment with a cost that equals or exceeds $5,000 are capitalized. Such assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years.

F. Foreign Currency Translation and Risk

Transactions in foreign currencies are recorded at the quarterly average exchange rate as of the transaction date. Amounts receivable and payable in foreign currencies are translated to U.S. dollars at the exchange rate in effect on the statement of net position date.

As of September 30, 2021 and 2020, GVB's unrestricted cash includes $237,539 and $189,602, respectively, settled in a foreign currency. GVB is exposed to the risk of unfavorable changes in the exchange rate that may occur.

A loss on foreign exchange transactions of $3,570 and $25,186 was recognized for the years ended September 30, 2021 and 2020, respectively.

G. Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GVB has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes of assumptions, pension and OPEB contributions made subsequent to the measurement date, and changes in proportion and difference between pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

H. Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. GVB has determined the differences between expected and actual experience with regard to economic and demographic factors in the measurement of the total pension and OPEB liabilities, differences between projected and actual earnings on pension plan investments, changes of assumptions, and changes in proportion and difference between pension contributions and proportionate share of contributions qualify for reporting in this category.

(2) Summary of Significant Accounting Policies, Continued

I. Compensated Absences

Earned unpaid employee vacation leave is accrued at year end for financial statement purposes. Included in liabilities at September 30, 2021 and 2020 are amounts related to compensated absences earned but unused. The amounts are also included as a component of operating expense in the statements of revenues, expenses, and changes in net position.

J. Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GVB recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GVB's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GVB's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

K. Other Postemployment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. OPEB offered to GVB retirees includes health and life insurance. GVB recognizes OPEB liability for the defined benefit OPEB plan in which it participates, which represents GVB's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established; thus, the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

L. Consumption Tax Refund

GVB receives a consumption tax refund from the Japanese treasury by quarter based the Japan Consumption Tax rate, which is between 8-10% of certain expenditures incurred in Japan and reported to the Japanese treasury by the GVB Japan overseas office.

(2) Summary of Significant Accounting Policies, Continued

M. In-Kind Contributions

GVB receives in-kind contributions from its members and records such as of the date of receipt of the attendant goods or services. Title 12 of the Guam Code Annotated states that the Legislature may condition payment of grants-in-aid to a matching requirement of in-kind contributions at a rate of no more than 20 cents for every 80 cents appropriated. However, this requirement was not imposed during the years ended September 30, 2021 and 2020.

GVB records in-kind contributions in the period received based on the value assigned by the grantor.

N. Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Concentrations of Credit Risk

Financial instruments which potentially subject GVB to concentrations of credit risk consist principally of cash demand deposits and accounts receivable.

At September 30, 2021 and 2020, GVB has cash deposits in bank accounts that exceed federal depository insurance limits. GVB has not experienced any losses as a result of this practice.

Substantially all of GVB's accounts receivable are due from companies and government agencies based in Guam. GVB establishes an allowance for doubtful accounts based on management's evaluation of potential uncollectibility.

P. Risk Management

GVB is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from such matters. No losses as a result of this practice have occurred during the past three years.

Q. New Accounting Standards

In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

During the year ended September 30, 2021, GVB implemented the following pronouncements:

- GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

(2) Summary of Significant Accounting Policies, Continued

Q. New Accounting Standards, Continued

- GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

- GASB Statement No. 93, Replacement of Interbank Offered Rates, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ending September 30, 2022.

The implementation of these statements did not have a material effect on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

(2) Summary of Significant Accounting Policies, Continued

Q. New Accounting Standards, Continued

In January 2020, GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 is effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending *September 30, 2023*.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

(2) Summary of Significant Accounting Policies, Continued

Q. New Accounting Standards, Continued

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

(3) Cash

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, GVB's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GVB does not have a deposit policy for custodial credit risk.

As of September 30, 2021 and 2020, the carrying amount of GVB's total cash was $12,201,412 and $12,580,520, respectively. The corresponding bank balances were $12,240,641 and $12,651,588, respectively. Of the bank balances, $12,003,102 and $12,461,986, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance with the remaining amounts of $237,539 and $189,602, respectively, being maintained in a financial institution not subject to depository insurance. As of September 30, 2021 and 2020, bank deposits in the amount of $388,152 and $340,801, respectively, were FDIC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GovGuam requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amount of monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2021, substantially all of GVB's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GVB's name.

As of September 30, 2021 and 2020, restricted cash held by GVB in the Rainy Day Fund is $5,003 and $1,247,432, respectively. These funds are used to support identified activities to meet unforeseen or unanticipated challenges resulting from a natural or man-made disaster that has occurred on Guam or from external economic conditions that severely affect tourism.

As of September 30, 2021 and 2020, restricted cash held by GVB in the Cultural and Sports Ambassadors Fund is $168,111 and $168,058, respectively. These funds are to be used to provide grants for transportation expenses for off-island travel by cultural and sports ambassadors.

(4) Short-term Investments

Short-term investments at September 30, 2021 and 2020, represent certificates of deposit in the amount of $1,749,835 and $1,397,140, respectively, which are fully FDIC insured.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GVB will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of September 30, 2021 and 2020, GVB's short-term investments are held and administered by investment managers in the name of GVB in accordance with GVB's investment policy.

(5) Capital Assets

Public Law 20-221, passed in December of 1990, authorized the Governor to transfer all title, right and interest in Lot No. 5174-C-3, containing an area of 3757+ square meters, to GVB. The Governor transferred the property in April of 1991 through a Grant Deed filed with the Department of Land Management. The value of the land is based on estimated fair value at the date of transfer. Public Law 20-221 states that should GVB be dissolved or no longer need the property, then the property, inclusive of any and all improvements, shall revert back to GovGuam.

A summary of capital asset activities for the years ended September 30, 2021 and 2020 are as follows:

	Beginning Balance October 1, 2020	Additions	Deletions	Ending Balance September 30, 2021
Non-depreciable:				
Land	$ 5,992,415	$ -	$ -	$ 5,992,415
Construction in progress	-	54,893	-	54,893
	5,992,415	54,893	-	6,047,308
Depreciable:				
Building	2,500,000	-	-	2,500,000
Leasehold improvements	140,846	-	-	140,846
Furniture and fixtures	115,006	-	-	115,006
Software and programming	-	122,513	-	122,513
Equipment	148,775	108,300	-	257,075
	2,904,627	230,813	-	3,135,440
Less: accumulated depreciation	(2,557,157)	(115,420)	-	(2,672,577)
Depreciable capital assets, net	347,470	115,393	-	462,863
	$ 6,339,885	$ 170,286	$ -	$ 6,510,171

	Beginning Balance October 1, 2019	Additions	Deletions	Ending Balance September 30, 2020
Non-depreciable:				
Land	$ 5,992,415	$ -	$ -	$ 5,992,415
Depreciable:				
Building	2,500,000	-	-	2,500,000
Leasehold improvements	140,846	-	-	140,846
Furniture and fixtures	83,023	31,983	-	115,006
Equipment	148,775	-	-	148,775
	2,872,644	31,983	-	2,904,627
Less: accumulated depreciation	(2,469,865)	(87,292)	-	(2,557,157)
Depreciable capital assets, net	402,779	(55,309)	-	347,470
	$ 6,395,194	$ (55,309)	$ -	$ 6,339,885

(6) Pensions

GVB is statutorily responsible for providing pension benefits for GVB employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS) plan. The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GVB, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995 and prior to January 1, 2018, were required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2020 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,399
Inactive employees entitled to but not yet receiving benefits	3,257
Active employees	4,440
	15,096
DCRS members:	
Active employees	6,810
	21,906

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of $2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for three years of service which produce the highest average.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2019 actuarial valuation was used for determining the year ended September 30, 2021 statutory contributions. Member contributions are required at 9.52% of base pay.

(6) Pensions, Continued

A. General Information About the Pension Plans, Continued:

As a result of actuarial valuations performed as of September 30, 2019, 2018 and 2017, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2021, 2020 and 2019, respectively, have been determined as follows:

	2021	2020	2019
Normal costs (% of DB Plan payroll)	14.15%	13.86%	13.54%
Employee contributions (DB Plan employees)	9.82%	9.52%	9.52%
Employer portion of normal costs (% of DB Plan payroll)	4.33%	4.34%	4.02%
Employer portion of normal costs (% of total payroll)	2.18%	2.39%	2.29%
Unfunded liability cost (% of total payroll)	21.45%	20.70%	21.29%
Government contribution as a % of total payroll	23.63%	23.09%	23.58%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	26.97%	26.28%	26.56%
Employee	9.82%	9.52%	9.52%

GVB's contributions to the DB Plan for the years ended September 30, 2021, 2020 and 2019 were $232,692, $257,762 and $315,603, respectively, which were equal to the statutorily required contributions for the respective years then ended.

GVB's contributions for supplemental annuity benefit and COLA payments for the years ended September 30, 2021, 2020 and 2019 were $40,000, $36,000 and $30,000, respectively, which were equal to the statutorily required contributions for the respective years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2021 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GVB's contributions to the DCRS Plan for the years ended September 30, 2021, 2020 and 2019 were $272,842, $234,610 and $138,810, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $210,067, $181,602 and $106,393 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2021, 2020 and 2019, respectively.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2021 and 2020, GVB reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2020 and 2019, respectively, which is comprised of the following:

	2021	2020
Defined Benefit Plan	$ 4,485,714	$ 4,199,571
Ad Hoc COLA/supplemental annuity Plan for DB retirees	424,525	345,112
Ad Hoc COLA Plan for DCRS retirees	175,319	194,852
	$ 5,085,558	$ 4,739,535

GVB's proportion of the GovGuam net pension liabilities was based on GVB's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2021 and 2020, GVB's proportionate shares of the GovGuam net pension liabilities were as follows:

	2021	2020
Defined Benefit Plan	0.36%	0.35%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	0.13%	0.11%
Ad Hoc COLA Plan for DCRS retirees	0.26%	0.33%

Pension Expense (Benefit): For the years ended September 30, 2021 and 2020, GVB recognized pension expense (benefit) for its proportionate share of plan pension expense (benefit) from the above pension plans as follows:

	2021	2020
Defined Benefit Plan	$371,304	$ 328,309
Ad Hoc COLA/supplemental annuity Plan for DB retirees	78,504	47,716
Ad Hoc COLA Plan for DCRS retirees	14,268	18,292
	$464,076	$ 394,317

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred Outflows and Inflows of Resources: At September 30, 2021 and 2020, GVB reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021					
	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,197	$ 21,901	$ 269	$ 6,779	$ 16,908	$ 4,110
Net difference between projected and actual earnings on pension plan investments	321,396	-	-	-	-	-
Changes of assumptions	-	-	33,292	604	42,658	13,292
Contributions subsequent to the measurement date	505,534	-	34,000	-	6,000	-
Changes in proportion and difference between GVB contributions and proportionate share of contributions	122,370	169,993	75,617	-	92,202	68,854
	$ 960,497	$ 191,894	$ 143,178	$ 7,383	$ 157,768	$ 86,256

	2020					
	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,028	$ 37,228	$ 2,391	$ 1,061	$ 20,521	$ 5,660
Net difference between projected and actual earnings on pension plan investments	147,670	-	-	-	-	-
Changes of assumptions	-	-	30,985	5,365	46,911	18,903
Contributions subsequent to the measurement date	492,373	-	30,000	-	6,000	-
Changes in proportion and difference between GVB contributions and proportionate share of contributions	104,317	300,757	43,937	-	100,026	49,583
	$ 750,388	$ 337,985	$ 107,313	$ 6,426	$ 173,458	$ 74,146

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2021 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2022	$ (20,922)	$ 61,030	$ 3,763
2023	130,585	37,031	3,763
2024	105,295	3,734	3,763
2025	48,111	-	3,763
2026	-	-	3,763
Thereafter	-	-	46,697
	$ 263,069	$ 101,795	$ 65,512

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (13.58 years remaining as of September 30, 2019)
Asset valuation method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% per year
Total payroll growth:	2.75% per year
Salary increases:	4% to 7.5%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.
Mortality:	RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ. The next experience study for the period October 1, 2015 to September 30, 2019 is scheduled to be performed prior to the next year's valuation.

The investment rate assumption as of September 30, 2019 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	26.0%	7.01%
U.S. Equities (small cap)	4.0%	8.61%
Non-U.S. Equities	17.0%	8.66%
Non-U.S. Equities (emerging markets)	3.0%	10.59%
U.S. Fixed Income (aggregate)	24.0%	3.33%
Risk parity	8.0%	5.66%
High yield bonds	8.0%	6.11%
Global Real Estate (REITs)	2.5%	8.55%
Global Equity	7.5%	7.74%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2020 and 2019 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2020 was 2.21% (2.66% as of September 30, 2019), which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GVB's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	5,622,534	4,485,714	3,507,261

(6) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 1.21%	Current Discount Rate 2.21%	1% Increase in Discount Rate 3.21%
Net Pension Liability	466,693	424,525	387,894

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 1.21%	Current Discount Rate 2.21%	1% Increase in Discount Rate 3.21%
Net Pension Liability	198,844	175,319	155,301

C. Payables to the Pension Plans:

As of September 30, 2021 and 2020, GVB recorded payable to GGRF of $8,075 and $5,868, respectively, representing statutorily required contributions unremitted as of the respective year-ends.

(7) Other Post-Employment Benefits (OPEB)

GVB participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an other postemployment benefits plan.

A. General Information About the OPEB Plan:

Plan Description: The other postemployment benefits plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Plan Membership: As of September 30, 2020 and 2019 (the respective measurement dates), OPEB plan membership consisted of the following as of September 30, 2020 (the respective actuarial valuation dates for both years):

	2020	2019
Inactive plan members or beneficiaries currently receiving benefits	8,114	7,462
Active plan members	11,080	10,832
	19,194	18,294

(7) Other Post-Employment Benefits (OPEB), Continued

A. General Information About the OPEB Plan, Continued:

Benefits Provided: The OPEB Plan provides post-employment medical, dental and life insurance benefits to GVB retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GVB contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard island wide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

B. Total OPEB Liability:

As of September 30, 2021 and 2020, GVB reported a total OPEB liability of $6,649,220 and $7,392,672, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2020 and 2019. The following presents GVB's proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2019	.29%
Proportion at measurement date, September 30, 2020	.26%
Decrease in proportion	(.03)%

Actuarial Assumptions: The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2020 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years.

(7) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Healthcare cost trend rates:	For 2019, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year. Medical trend rates are applied to retiree contributions, Medicare Part B and Medicare Part D premium reimbursements.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

(7) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females).
Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

Discount rate: The discount rate used to measure the total OPEB liability was 2.21% as of September 30, 2020 (2.66% as of September 30, 2019). The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.21% municipal bond rate as of September 30, 2020 (2.66% as of September 30, 2019) was applied to all periods to determine the total OPEB liability.

(7) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

OPEB plan fiduciary net position: As of September 30, 2021 and 2020, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

C. Changes in the Total OPEB Liability:

Changes in GVB's proportionate share of the total OPEB liability for the years ended September 30, 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of the year	$ 7,392,672	$ 5,292,875
Changes for the year:		
Service cost	403,225	244,458
Interest	206,112	229,537
Change in proportionate share	(781,530)	74,280
Difference between expected and actual experience	739,359	-
Change of assumptions	(1,215,934)	1,643,568
Benefit payments	(94,684)	(92,046)
Net change	(743,452)	2,099,797
Balance at end of the year	$ 6,649,220	$ 7,392,672

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GVB's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate 1.21%	Current Discount Rate 2.21%	1% Increase in Discount Rate 3.21%
Total OPEB Liability	$7,894,227	$6,649,220	$5,656,762

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GVB's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$5,538,419	$6,649,220	$8,093,631

(7) Other Post-Employment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended September 30, 2021 and 2020, GVB recognized OPEB expense of $497,977 and $652,293, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2020 and 2019. At September 30, 2021 and 2020, GVB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$1,081,751	$1,436,749	$1,611,456	$ 689,298
Difference between expected and actual experience	608,730	636,322	-	969,266
Contributions subsequent to the measurement date	102,729	-	91,481	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	665,249	549,290	927,222	-
	$2,458,459	$2,622,361	$2,630,159	$1,658,564

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2021 will be recognized in OPEB expense as follows:

Year Ending September 30	
2022	$ 7,154
2023	(126,001)
2024	19,570
2025	(33,985)
2026	(133,369)
	$ (266,631)

(8) Commitments and Contingencies

A. Leases

GVB leases commercial space for its Japan offices which require a refundable security deposit. As of September 30, 2021 and 2020, the security deposit was $133,230.

At September 30, 2021, the minimum rental commitment is $137,039 for the next fiscal year.

(8) Commitments and Contingencies, Continued

B. Marketing Representation and Research

GVB entered into various marketing representation contracts in Japan, Korea, China, Hong Kong, Philippines, Taiwan and the United States. Additional contracts were also entered for market research, community brand building support services and other marketing efforts.

At September 30, 2021, the minimum future contract fees are as follows:

Year Ending September 30	
2022	$ 1,589,210
2023	1,035,136
2024	758,560
2025	594,060
	$ 3,976,966

C. Beautification Projects

GVB entered into various beautification project contracts for island road maintenance, bus shelter maintenance, Tumon landscaping, sidewalk cleaning, holiday illumination projects, and the design and building of medians.

At September 30, 2021, the minimum future contract fees are $582,301 for the next fiscal year.

D. Visitor Safety

GVB entered into a contract to provide visitor safety to Tumon and parts of Hagatna.

At September 30, 2021, the minimum future contract fees are as follows:

Year Ending September 30	
2022	$ 753,610
2023	884,940
2024	884,940
	$ 2,523,490

E. Professional services

GVB entered into various contracts for professional services such as tour guide and inspector fees, equipment maintenance fees, quality assurance inspector fees and audit fees.

At September 30, 2021, the minimum future contract fees are as follows:

Year Ending September 30	
2022	$ 359,534
2023	44,700
2024	44,700
	$ 448,934

(8) Commitments and Contingencies, Continued

F. Palacio Building

In 2018, GVB signed a memorandum of agreement with the Guam Economic Development Authority (GEDA) to manage the construction of the Palacio Building. Funding of $5 million will come from the Hot Bond, maintained by GEDA. A total of $352,000 was used for initial planning and construction costs as of September 30, 2021 and 2020. During the years ended September 30, 2021 and 2020, no collections or additional expenses were incurred. Ownership of the building has not been determined at this time.

G. Sick Leave

It is the policy of GVB to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family illnesses. Under the Defined Contribution Retirement System (DCRS), an employee may convert into cash up to 50% of the accrued sick leave liability. For this reason, a sick leave liability is recorded. The accumulated amount of unused sick leave at September 30, 2021 and 2020 are $446,612 and $597,415, respectively, of which $40,003 and $42,891 may be convertible by DCRS employees upon retirement as of September 30, 2021 and 2020, respectively.

H. Liability

GVB received vendor invoices of $421,857 as of September 30, 2021 for which management indicates that no authorization of services occurred and accordingly, no provision has been made in the accompanying financial statement.

(9) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the years ended September 30, 2021 and 2020 follows:

	2021			
	Beginning Balance	Additions	Reductions	Ending Balance
Net pension liability	$ 4,739,535	$ 464,077	$ (118,054)	$ 5,085,558
OPEB liability	7,392,672	1,348,696	(2,092,148)	6,649,220
Accrued sick leave	42,891	10,616	(13,504)	40,003
	$ 12,175,098	$ 1,823,389	$ (2,223,706)	$ 11,774,781

	2020			
	Beginning Balance	Additions	Reductions	Ending Balance
Net pension liability	$ 4,909,463	$ 394,317	$ (564,245)	$ 4,739,535
OPEB liability	5,292,875	2,227,051	(127,254)	7,392,672
Accrued sick leave	38,668	16,493	(12,270)	42,891
	$ 10,241,006	$ 2,637,861	$ (703,769)	$ 12,175,098

GVB is exposed to various litigation inherent to its operations. However, there are no known cases pending in which GVB is exposed to liability.

(10) Appropriations from the Government of Guam

The Tourist Attraction Fund is a governmental fund of GovGuam that was established to fund various recreational projects and visitor industry activities. The Hotel Occupancy Tax (HOT) Surplus Fund was created by Public Law 32-068 to account for HOT tax collections received by the Tourist Attraction Fund in excess of Bureau of Budget and Management Research revenue estimates.

During the years ended September 30, 2021 and 2020, total appropriations received by GVB from GovGuam's Tourist Attraction Fund are as follows:

	2021	2020
Operations	$5,324,249	$14,790,306
Pass-through to non-profit organizations	-	640,000
	$5,324,249	$15,430,306

No collections were received from the HOT Surplus Fund during the fiscal years ended 2021 and 2020.

As of September 30, 2021 and 2020, receivables due from GovGuam associated with the above appropriations and grants were $11,104 and $1,730,293, respectively.

(11) Restricted Net Position

Restricted net position represents The Rainy Day Fund per Public Law 30-116, Korean Visitor Market Pilot Program per Public Law 33-112, Cultural and Sports Ambassadors Fund per Public Law 33-10, the Pale San Vitores Road Project per Public Law 30-196, and the Cruise Ship Industry Development Program per Public Law 32-42. A summary of restricted net position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Special Projects Fund	$182,137	$ 215,125
Cultural and Sports Ambassadors Fund	168,111	168,059
Cruise Ship Industry Development Program	37,454	37,454
Rainy Day Fund	5,003	1,247,432
Total restricted	$392,705	$ 1,668,070

Changes in restricted net position are as follows:

	Rainy Day Fund	Cultural and Sports Ambassadors Fund	Special Projects Fund	Cruise Industry Development Program	2021
Beginning of year	$1,247,432	$168,059	$215,125	$37,454	$1,668,070
Expenses	(1,242,553)	-	(32,988)	-	(1,275,541)
Interest and bank charges	124	52	-	-	176
End of year	$ 5,003	$168,111	$182,137	$37,454	$ 392,705

(11) Restricted Net Position, Continued

	Rainy Day Fund	Korean Visitor Market Pilot Program	Cultural and Sports Ambassadors Fund	Special Projects Fund	Cruise Industry Development Program	2020
Beginning of year	$ 1,246,103	$ 532,186	$ 187,610	$ 703,738	$ 37,454	$ 2,707,091
Revenues	-	-	-	120,677	-	120,677
Expenses	-	(532,186)	(19,850)	(609,831)	-	(1,161,867)
Interest and bank charges	1,329	-	299	541	-	2,169
End of year	$ 1,247,432	$ -	$ 168,059	$ 215,125	$ 37,454	$ 1,668,070

(12) Related Party Transactions

During the years ended September 30, 2021 and 2020, GVB contracted and purchased goods from businesses that are associated with GVB Board Directors totaling $58,994 and $138,467, respectively.

(13) COVID-19

As the pandemic continues, the recovery of the tourism industry from COVID-19 will be long. Globally, the world tourism economy is at an estimated $2 trillion in loss revenue according to the United Nations World Tourism Organization. The pace of recovery remains slow and uneven from our major source markets.

Digitizing our destination to provide a touchless experience in an industry that "touches" almost every part of our economy and society is a vision that we encourage all our partners to adopt. With the right technology in place, our tourism industry can rebuild and welcome visitors again with safeguards that will protect everyone.

Preparing the destination with organized clean ups, beautification, addressing long term issues such as flooding, are just a few of the projects undertaken by GVB while we wait for the easing of entry restrictions in Asia.

We come from an island of possibilities and resilience. We know that the demand to travel is there in our source markets and we are ready to receive them once again.

(14) Subsequent Event

On January 5, 2022, GVB received $20,000,000 of American Rescue Plan Funds from the Government of Guam for a major tourist attraction development project in Tumon.

GUAM VISITORS BUREAU

REQUIRED SUPPLEMENTARY INFORMATION

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Defined Benefit Plan

	2021	2020	2019	2018
Total net pension liability	$1,246,336,897	$1,214,462,675	$1,179,192,550	$1,142,249,393
GVB's proportionate share of the net pension liability	$ 4,485,714	$ 4,199,571	$ 4,502,701	$ 4,082,300
GVB's proportion of the net pension liability	0.36%	0.35%	0.38%	0.36%
GVB's covered-employee payroll**	$ 1,881,058	$ 1,761,826	$ 1,962,179	$ 1,816,622
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	238.47%	238.36%	229.47%	224.72%
Plan fiduciary net position as a percentage of the total pension liability	61.48%	62.25%	63.28%	60.63%

	2017	2016	2015	2014
Total net pension liability	$1,368,645,126	$1,436,814,230	$1,246,306,754	$1,303,304,636
GVB's proportionate share of the net pension liability	$ 4,994,178	$ 4,733,456	$ 3,826,415	$ 3,786,577
GVB's proportion of the net pension liability	0.36%	0.33%	0.31%	0.29%
GVB's covered-employee payroll**	$ 1,847,567	$ 1,684,651	$ 1,569,999	$ 1,337,479
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	270.31%	280.98%	243.72%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	54.62%	52.32%	56.60%	53.94%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2021	2020	2019
Total net pension liability***	$ 321,889,969	$ 324,192,725	$ 289,875,672
GVB's proportionate share of the net pension liability	$ 424,525	$ 345,112	$ 248,782
GVB's proportion of the net pension liability	0.13%	0.11%	0.09%
GVB's covered-employee payroll**	$ 689,290	$ 542,374	$ 441,019
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	61.59%	63.63%	56.41%

	2018	2017	2016
Total net pension liability***	$ 288,147,121	$ 229,486,687	$ 235,799,709
GVB's proportionate share of the net pension liability	$ 243,095	$ 191,430	$ 192,124
GVB's proportion of the net pension liability	0.08%	0.08%	0.08%
GVB's covered-employee payroll**	$ 428,827	$ 422,357	$ 416,649
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	56.69%	45.32%	46.11%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	2021	2020	2019
Total net pension liability***	$ 66,393,472	$ 59,884,407	$ 49,342,424
GVB's proportionate share of the net pension liability	$ 175,319	$ 194,852	$ 157,980
GVB's proportion of the net pension liability	0.26%	0.33%	0.32%
GVB's covered-employee payroll**	$ 684,667	$ 766,288	$ 846,773
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	25.61%	25.43%	18.66%

	2018	2017	2016
Total net pension liability***	$ 62,445,490	$ 61,688,067	$ 52,115,736
GVB's proportionate share of the net pension liability	$ 227,626	$ 260,379	$ 260,379
GVB's proportion of the net pension liability	0.36%	0.42%	0.50%
GVB's covered-employee payroll**	$ 1,373,458	$ 1,540,921	$ 1,778,114
GVB's proportionate share of the net pension liability as percentage of its covered-employee payroll	16.57%	16.90%	14.64%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2021	2020	2019	2018
Statutorily required contribution	$ 507,321	$ 491,791	$ 447,634	$ 537,445
Contributions in relation to the statutorily required contribution	505,534	492,373	454,413	537,445
Contribution (excess) deficiency	$ 1,787	$ (582)	$ (6,779)	$ -
GVB's covered-employee payroll **	$1,881,058	$1,870,221	$1,685,370	$1,931,172
Contributions as a percentage of covered-employee payroll	26.87%	26.33%	26.96%	27.83%

	2017	2016	2015	2014
Statutorily required contribution	$ 507,749	$ 525,143	$ 514,072	$ 356,516
Contributions in relation to the statutorily required contribution	507,749	526,353	514,290	354,283
Contribution (excess) deficiency	$ -	$ (1,210)	$ (218)	$ 2,233
GVB's covered-employee payroll **	$1,852,424	$1,864,853	$1,722,183	$1,337,479
	27.41%	28.22%	29.86%	26.49%

Contributions as a percentage of covered-employee payroll
* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information
Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016
Total OPEB liability:						
Service cost	$ 403,225	$ 244,458	$ 320,228	$ 364,900	$ 289,166	
Interest	206,112	229,537	216,268	187,055	185,124	
Expected benefit payments	(94,684)	(92,046)	(70,773)	(54,850)	(54,850)	
Change in proportionate share	(781,530)	74,280	1,224,925	(21,995)	-	
Differences between expected and actual experience	739,359	-	(1,474,570)	-	-	
Changes of assumptions	(1,215,934)	1,643,568	(596,170)	(581,575)	631,880	
Net change in total OPEB liability	(743,452)	2,099,797	(380,092)	(106,465)	1,051,320	
Total OPEB liability - beginning	7,392,672	5,292,875	5,672,967	5,779,432	4,728,112	
Total OPEB liability - ending **	$6,649,220	$7,392,672	$5,292,875	$5,672,967	$5,779,432	$4,728,112
Covered-employee payroll	$1,692,857	$1,460,616	$1,970,213	$1,106,332	$1,081,836	
GVB's total OPEB liability as a percentage of covered-employee payroll	392.78%	506.13%	268.64%	512.77%	534.22%	
Notes to schedule						
Discount rate	2.21%	2.66%	4.18%	3.630%	3.058%	3.710%

Changes of benefit terms:
None.

Changes of assumptions:
Discount rate has changed from respective measurement dates.

* This data is presented for those years for which information is available.
** No assets accumulated in a trust to pay the benefits

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017
Total OPEB liability **	$2,518,489,145	$2,553,523,376	$1,874,970,335	$2,431,048,672	$2,532,753,040
GVB's proportionate share of the total OPEB liability	$ 6,649,220	$ 7,392,672	$ 5,292,875	$ 5,672,967	$ 5,779,432
GVB's proportionate of the total OPEB liability	0.26%	0.29%	0.28%	0.23%	0.23%
GVB's covered-employee payroll	$ 1,692,857	$ 1,460,616	$ 1,970,213	$ 1,887,611	$ 1,106,332
GVB's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	392.78%	506.13%	268.64%	300.54%	522.40%

* This data is presented for those years for which information is available.
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information
Schedule of OPEB Contributions
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 774,660	$ 567,445	$ 645,393	$ 673,124	$ 563,308
Contributions in relation to the actuarially determined contribution	94,684	92,046	70,773	54,850	54,850
Contribution deficiency	$ 679,976	$ 475,399	$ 574,620	$ 618,274	$ 508,458
GVB's covered-employee payroll	$1,692,857	$1,460,616	$1,970,213	$1,887,611	$1,106,332
Contributions as a percentage of covered-employee payroll	5.59%	6.30%	3.59%	2.91%	4.96%

* This data is presented for those years for which information is available.

See Accompanying Independent Auditors' Report.

GUAM VISITORS BUREAU

OTHER SUPPLEMENTARY INFORMATION

GUAM VISITORS BUREAU

(A Component Unit of the Government of Guam)

Supplementary Schedule of Professional, Miscellaneous and Advertising Expenses
Years Ended September 30, 2021 and 2020

Professional Services	2021	2020
Destination Management and Improvement	$ 1,259,815	$ 2,482,551
Korea	901,038	863,140
Japan	484,546	4,087,610
Australia, Philippines, and Pacific	374,172	57,629
Taiwan	325,050	224,509
All Markets (Branding)	244,426	374,280
Website	165,670	215,906
Admin., Research, and Printing	155,178	822,506
Hong Kong/China	-	204,203
United States	-	11,041
New Market Development	-	100
Total Professional Services	$ 3,909,895	$ 9,343,475

Miscellaneous Expenses		
Gifts and prizes	$ 204,352	$ 39,328
Sales campaign	147,500	878,193
Sponsorship	53,500	565,247
Building and other insurance	24,285	27,593
Subscription	23,796	37,802
Air service support	22,382	211,556
Dues and membership	18,859	31,854
Food and beverage	12,070	36,558
Booths	8,425	29,843
Fees	7,110	10,558
Bank charges	5,915	7,340
Postal and courrier	2,789	5,333
Other	14,170	15,288
	$ 545,153	$ 1,896,493

Advertising Expenses		
Japan	$ 2,660	$ 6,353
Destination Management and Improvement	491	880
Australia, Philippines, and Pacific	-	6,640
New market development	-	480
All others	9,667	17,642
Total Advertising Expenses	$ 12,818	$ 31,995

See Accompanying Independent Auditors' Report.

Doc. No. 36GL-22-1855.*

GUAM VISITORS BUREAU

(A Component Unit of the Government of Guam)

Supplementary Schedule of Employees and Salaries

Years Ended September 30, 2021 and 2020

	2021	2020
Guam office:		
Annual payroll	$ 2,086,931	$ 1,964,716
Number of employees	39	39
Japan office:		
Annual payroll	$ 103,970	$ 106,890
Number of employees	1	1

See Accompanying Independent Auditors' Report.

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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 Board of Directors
Guam Visitors Bureau:

We have audited, in accordance with the 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, the financial statements of the Guam Visitors Bureau (GVB) and its Special Tourist Attraction Fund Projects, which comprise the statement of net position/balance sheet as of September 30, 2021, and the related statements of revenues, expenses and changes in net position, of operations and changes in fund balance and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered GVB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GVB's internal control. Accordingly, we do not express an opinion on the effectiveness of GVB's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether GVB'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

April 6, 2022

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April 6, 2022

Honorable Carl T.C. Gutierrez
President and Chief Executive Officer
Guam Visitors Bureau
401 Pale San Vitores Road
Tumon, Guam 96913

Dear Honorable Gutierrez:

In planning and performing our audit of the financial statements of Guam Visitors Bureau (GVB) as of and for the year ended September 30, 2021 (on which we have issued our report dated April 6, 2022), 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 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 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, material weaknesses or significant deficiencies may exist that were not identified. However, in connection with our audit, we identified, and included in the attached Appendix I, deficiencies related to GVB's internal control over financial reporting and other matters as of September 30, 2021 that we wish to bring to your attention.

We have also issued a separate report to the Board of Directors, also dated April 6, 2022, on our consideration of GVB's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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 management, the Board of Directors, 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.

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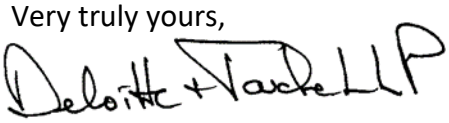
We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

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

Very truly yours,



SECTION I – DEFICIENCIES

We identified the following deficiencies involving GVB's internal control over financial reporting as of September 30, 2021 that we wish to bring to your attention:

1. Expenses

   Comment 1: The procurement file was not available for the following expense:

Account	DocNo	ID	Amount
5921-Miscellaneous-Fees	SL100GYX-202011-83-0	RAK002	$22,382

   Recommendation: We recommend management document procurement rationale to support compliance with procurement policy and regulations.

   Comment 2: An unpaid invoice dated May 11, 2021, for $100K was recorded for an expense related to shipping and training for new equipment that was not owned by GVB and was outside the scope of the contract. An adjustment was proposed to reverse this transaction.

   Recommendation: We recommend management continue to scrutinize invoices for expenses that are outside the scope of the contract terms and agreement.

2. Due from Government of Guam (GovGuam)

   Comment: GovGuam appropriations and other revenues should be reconciled with the Department of Administration (DOA) on at least a monthly basis. The net effect of the misstatement is $3,240,684. An audit adjustment was proposed to reconcile amounts due from GovGuam.

   Recommendation: We recommend management reconcile amounts due from the Government of Guam Department of Administration before closing the reporting period.

SECTION II – DEFINITION

The definition of a deficiency is as follows:

A *deficiency* in internal control over financial reporting 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

GVB's management is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles. 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 generally accepted accounting principles).

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.

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April 6, 2022

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, 2021 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated April 6, 2022.

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.

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

Yours truly,

Deloitte & Touche LLP

cc: The Management of Guam Visitors Bureau
Office of Public Accountability - Guam

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS, GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated April 6, 2022. As described in that letter, the objectives of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on the fairness of the presentation of statement of net position of GVB as of September 30, 2021, and the related statements of revenues, expenses, and changes in net position and of cash flows for the year ending September 30, 2021 (the "financial statements"), are in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects, and perform specified procedures on the required supplementary information for the year ending September 30, 2021. 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 the Board of Directors are presented fairly, in all material respects, in conformity with generally accepted accounting principles and generally accepted government auditing standards. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.
- To express an opinion on whether the supplementary information that accompanies the financial statements, are fairly stated, in all material respects, in relation to the financial statements as a whole; and
- To report on GVB's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ending September 30, 2021 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in generally accepted government auditing standards.

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

SIGNIFICANT ACCOUNTING POLICIES

GVB's significant accounting policies are set forth in Note 2 to GVB's 2021 financial statements. In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

During the year ended September 30, 2021, GVB implemented the following pronouncements:

- GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

- GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

- GASB Statement No. 93, Replacement of Interbank Offered Rates, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ending September 30, 2022.

The implementation of these statements did not have a material effect on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In January 2020, GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. In accordance with GASB Statement No. 95, the remaining requirements of GASB Statement No. 92 is effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

We have evaluated the significant qualitative aspects of GVB's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

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 ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GVB's 2021 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2021, there were no significant changes in accounting estimates or in management's judgments relating to such estimates.

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. We have attached to this letter, as Appendix B to Attachment I, a summary of uncorrected misstatements that we presented to management during the current audit engagement pertaining to the prior period, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

MATERIAL CORRECTED MISSTATEMENTS

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. Material misstatements were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period. We have attached to this letter as Appendix A to Attachment I, a summary of misstatements corrected by management

OTHER INFORMATION IN THE ANNUAL REPORTS OF GVB

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

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to GVB's 2021 financial statements.

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

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2021.

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

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

OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Directors or the Office of Public Accountability - Guam.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

MANAGEMENT'S REPRESENTATIONS

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

EMPHASIS OF MATTER

COVID-19

As discussed in Note 13 to the financial statements, GVB determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. Our opinion is not modified with respect to this matter.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated April 6, 2022, on GVB's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards.*

We have communicated to management, in a separate letter, also dated April 6, 2022, other deficiencies involving GVB's internal control over financial reporting that we identified during our audit.

GUAM VISITORS BUREAU
SETBISION BISITAN GUÅHAN

FY-2022-O250

April 6, 2022

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3973

We are providing this letter in connection with your audit of the statements of net position of the Guam Visitors Bureau ("GVB"), a component unit of the Government of Guam (GovGuam), as of and for the years ended September 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, of operations, and changes in fund balance, and of cash flows for the years then ended, which collectively comprise GVB's basic financial statements for purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of GVB in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position, in accordance with GAAP.

b. The design, implementation, and maintenance of internal control:

- Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- To prevent and detect fraud.

c. The review and approval of the financial statements and related notes, and we acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statements preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for general purpose financial statements obtained from the Government Finance Officers Association. Additionally, we agreed with the adjusting entries included in Appendix A.

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. The basic financial statements referred to above are fairly presented in accordance with GAAP. In addition:

   a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

   b. Net position components (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

c. Deposits and investment securities are properly classified in the category of custodial credit risk.

d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

e. Required supplementary information is measured and presented within prescribed guidelines.

f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

g. GVB's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and the related net position is properly recognized under the policy.

h. The financial statements properly classify all funds and activities, including special and extraordinary items.

i. All funds that meet the quantitative criteria in the GASB Codification Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

j. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

k. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

l. GVB has followed GASB Codification Section 1800.178 regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

m. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

2. GVB has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. GVB has made available to you:

a. All minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

b. All financial records and related data for all financial transactions of GVB and for all funds administered by GVB. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GVB and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

   a. Action taken by Entity management that contravenes the provisions of federal laws and GovGuam laws and regulations, or of contracts and grants applicable to GVB.

   b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

6. Management has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in GVB and do not believe that the financial statements are materially misstated as a result of fraud.

7. We have no knowledge of any fraud or suspected fraud affecting GVB involving:

   a. Management.

   b. Employees who have significant roles in GVB's internal control over financial reporting.

   c. Others, where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting GVB's financial statements communicated by employees, former employees, analysts, regulators, or others.

9. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.

10. Significant assumptions used by us in making accounting estimates are reasonable.

11. 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.

12. We believe that we have properly identified, reported, and classified each component unit of GVB and each organization that meets the criteria established in GASB Codification Section 2100.

13. GVB has maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.

14. We believe that any reclassification between net position classes is correct.

Except where otherwise stated below, immaterial matters less than $51,000 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 basic financial statements.

15. Except as listed in Appendix B, there are no transactions that have not been properly recorded and reflected in the financial statements.

16. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior-year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2021 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

17. GVB has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

18. Regarding related parties:

    a. We have disclosed to you the identity of GVB's related parties and all the related-party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

19. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

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

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

20. There are no:

    a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the financial statements, or other instances that warrant the attention of those charged with governance.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

    c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.

    d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

21. GVB has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

22. GVB has complied with all aspects of contractual agreements that may affect the financial statements.

23. No department or agency of GVB has reported a material instance of noncompliance to us.

24. GVB has identified all derivative instruments as defined by GASB Codification Section D40, Derivative *Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.

25. Other than those described in Note 13 to the financial statements, No events have occurred after September 30, 2021, but before April 6, 2021, the date the financial statements were issued that require consideration as adjustments to, or disclosures in, the financial statements.

26. Regarding required supplementary information:

    a. We confirm that we are responsible for the required supplementary information.

    b. The required supplementary information is measured and presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

27. Regarding supplementary information:

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GASB Codification Section 2200*, Comprehensive Annual Financial Report*.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200*, Comprehensive Annual Financial Report*.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

28. In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

29. During the year ended September 30, 2021, GVB implemented the following pronouncements:

    - GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

    - GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally

separate organization and to improve the relevance of financial statement information for certain component units.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ended September 30, 2022.

The implementation of these statements did not have a material effect on GVB's financial statements.

30. In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The implementation of this statement did not have a material effect on the accompanying financial statements.

31. In March 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this statement did not have a material effect on the accompanying financial statements.

32. In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

33. In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

34. In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with

conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending *September 30, 2023.*

35. In January 2020, GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 is effective for the fiscal year ending September 30, 2022.

36. In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending *September 30, 2023*.

37. In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

38. In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon

implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

39. In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR.* That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

40. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

41. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

42. We have disclosed to you all new or changes to the existing pension and other postretirement benefits.

43. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the statement of net position in accordance with GASB Codification Section P20, *Pension Activities — Reporting for Benefits Provided through Trusts That Meet Specified Criteria — Defined Benefit*; GASB Codification Section P21, *Pension Activities — Reporting for Benefits Provided through Trusts That Meet Specified Criteria — Defined Contribution*; GASB Codification Section P22, *Pension Activities — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria — Defined Benefit*; GASB Codification Section P23, *Reporting Assets Accumulated for Defined Benefit Pensions Not Provided through Trusts That Meet Specified Criteria*; *and* GASB Codification Section P24, *Pension Activities — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria — Defined Contribution.*

44. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, net position and changes in net position in the statement of net position in accordance with GASB Codification Section P50, *Postemployment Benefits Other than Pensions — Reporting for Benefits Provided through Trusts That Meet Specified Criteria — Defined Benefit*; GASB Codification Section P52, *Postemployment Benefits Other than Pensions — Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria — Defined Benefit*; *and* GASB Codification Section P53, *Reporting Assets Accumulated for Defined Benefit Postemployment Benefits Other than Pensions Not Provided through Trusts That Meet Specified Criteria.*

45. 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.

46. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of programs administered by the Department has been discovered.

47. The Department has disclosed all contracts or other agreements with the Entity's service organization.

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

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

50. We have communicated with the marketing committees and are not unaware of any unreported in-kind contributions.

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

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

53. Money or similar assets handled by GVB on behalf of GovGuam have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate, and in accordance with law.

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

55. GVB leases commercial space for its Japan offices which require a refundable security deposit. As of September 30, 2021 and 2020, the security deposit was $133,230. Annual rental commitment as of September 30, 2021 is $137,039 for the next year.

56. GVB entered into various marketing representation contracts in Japan, Korea, China, Hong Kong, Philippines, Taiwan and the United States. Additional contracts were also entered for market research, community brand building support services and other marketing efforts. At September 30, 2021, the minimum future contract fees were $3,976,966.

57. GVB entered into various beautification project contracts for island road maintenance, bus shelter maintenance, Tumon landscaping, sidewalk cleaning, holiday illumination projects, and the design and building of medians. At September 30, 2021, the minimum future contract fees are $582,301.

58. GVB entered into a contract to provide visitor safety to Tumon and parts of Hagatna. At September 30, 2021, the minimum future contract fees are $2,523,490.

59. GVB entered into various contracts for professional services such as tour guide and inspector fees, equipment maintenance fees, quality assurance inspector fees and audit fees. At September 30, 2021, the minimum future contract fees are $448,934.

60. In 2018, GVB signed a memorandum of agreement with the Guam Economic Development Authority (GEDA) to manage the construction of the Palacio Building. Funding of $5 million will come from the Hot Bond, maintained by GEDA. A total of $352,000 was used for initial planning and construction costs as of September 30, 2021 and 2020. During the years ended September 30, 2021 and 2020, no collections or additional expenses were incurred. Ownership of the building has not been determined at this time.

61. It is the policy of GVB to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family illnesses. Under the Defined Contribution Retirement System (DCRS), an employee may convert into cash up to 50% of the accrued sick leave liability. For this reason, a sick leave liability is recorded. The accumulated amount of unused sick leave at September 30, 2021 and 2020 are $446,612 and $597,415, respectively, of which $40,003 and $42,891 may be convertible by DCRS employees upon retirement as of September 30, 2021 and 2020, respectively.

62. GVB received vendor invoices of $421,857 as of September 30, 2021 for which management indicates that no authorization of services occurred and accordingly, no provision has been made in the accompanying financial statement.

63. During the years ended September 30, 2021 and 2020, GVB contracted and purchased goods from businesses that are associated with GVB Board Directors totaling $58,994 and $138,467, respectively.

Honorable Carl T.C. Gutierrez
President and General Manager

Gerry Perez
Vice President

Josie Villanueva
Director of Finance & Administration

GUAM VISITORS BUREAU
SETBISION BISITAN GUÅHAN

APPENDIX A

Guam Visitors Bureau
SUMMARY OF CORRECTED MISSTATEMENTS
September 30, 2021

Entry Description	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
1) To adjust net position liability				
Dr. Pension expense	213,553			
Cr. Deferred inflows from pension		(212,999)		
Cr. Deferred outflows from pension				(554)
2) To reconcile amounts due to/from GovGuam				
Dr. Revenue - GovGuam Appropriations				1,995,850
Dr. Other income				20,161
Dr. Other income - Federal				186,670
Dr. Bond Refinancing Saving				1,038,003
Cr. Accounts receivable - GovGuam	(3,229,580)			
Cr. Accounts receivable - Others	(11,104)			
3) To adjust sick leave				
Dr. Accrued Sick Leave				(155,982)
Cr. Salaries		155,982		
4) To adjust OPEB liability				
Dr. OPEB expense				392,045
Dr. OPEB Liability		743,452		
Cr. Deferred Inflows of OPEB Liability		(963,797)		
Cr. Deferred Outflows of OPEB Liability	(171,700)			
5) To reverse unallowed expense				
Dr. Accounts Payable		100,000		
Cr. Contractual Services - TAF Projects				(100,000)

	(3,198,830)	**(177,362)**	**-**	**3,376,192**

APPENDIX B

Guam Visitors Bureau
SUMMARY OF UNCORRECTED MISSTATEMENTS
September 30, 2021

Entry Description	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
1) To adjust deferred outflows – pension				
Dr. Deferred outflows from pension	56,155			
Cr. Pension expense				(56,155)
	56,155		**-**	**(56,155)**