



BUREAU OF BUDGET AND MANAGEMENT RESEARCH

SETBISON MANINAN YAN MINANEHAN GASTO

2011 CITIZEN CENTRIC REPORT

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Vision Statement

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The Bureau of Budget and Management Research (BBMR) aspires to be a valuable resource organization by providing the expertise and leadership in fiscal matters of the government to all its stakeholders.

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Leadership

I Maga' Lahen Guåhan
Governor of Guam
Honorable Eddie B. Calvo

I Segundu na
Maga'lahaen Guåhan
Lt Governor of Guam
Honorable Ray Tenorio

Director
John A. Rios

Deputy Director
Stephen J. Guerrero

Mission Statement

To provide guidelines on organizational methods, policy execution, financial management and technical assistance to the various agencies and departments. To improve the planning, programming and budgeting abilities of the government, through proper research and recommendations on all aspects of its operations. Ensure that all internal accounting and control systems are operated in accordance with policies, procedures, and laws. Provide advisory guidance to the Governor on policy development, program coordination, planning and budgeting matters.

Strategic Goals/Objectives

- Provide guidance and direction to all government agencies on programmatic and budgetary matters.
- Provide the Governor and Legislature with information and support to effectuate and facilitate policy deliberations and decisions.
- Implement the Governor's programmatic and fiscal policies.
- Review and implement legislative mandates affecting budgetary and fiscal policies government-wide.
- Conduct ongoing review and evaluation of financial and operational controls of the Government.
- Implementation of Performance-Based Budgeting (PBB).

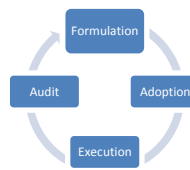


John A. Rios
BBMR Director

Table of Contents

Vision Statement 1
 Mission Statement 1
 Strategic Goals/Objectives 1
 Budget Process 1-2
 What We Do? 2-5
 Future Outlook 6

Budget Process



The Budget Process occurs in four (4) essential phases: formulation, adoption, execution, and audit.

During the **formulation phase** the economic forecast and the program and financial plans are prepared for the various GovGuam departments. Historical and latest economic data and statistics are utilized in developing projected revenue collections for the upcoming fiscal year. Upon completion of this phase emerges the Governor's Executive Budget.

The **adoption phase** is the process in which the Legislature considers the Governor's Executive Budget proposal and passes the overall Government of Guam revenue and spending plan under a General Appropriations Bill.

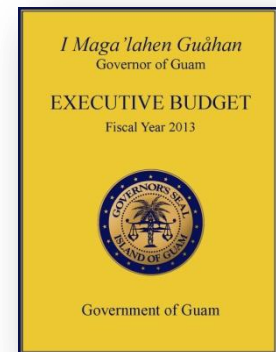
The **execution phase** involves the release and expenditure of funds appropriated per the General Appropriations Act. This phase includes monitoring and assisting agencies in carrying out the approved budget while keeping in line with the established policies of the Governor.

The **audit phase** involves the evaluation of departments/agencies meeting their mission goals and objectives and to identify areas in need of improving compliance procedures with applicable laws and regulations.

What We Do?

Annual Executive Budget - Under the guidance and support of the Governor's Fiscal Policy Team, BBMR provides direct assistance to the Governor for all budget and fiscal related matters to include the preparation of the Executive Budget Request.

- By the end of November, BBMR disseminates the Executive Budget Call for Executive Branch department/line agencies to prepare and submit annual funding requirements due no later than December 31.
- As mandated, BBMR formulates and prepares the Governor's Executive Budget request for transmittal to the Legislature no later than January 31 (in the event of a change in Administration, April 8 pursuant to Title 5 GCA Ch 4)
- By the end of February, BBMR assures all departmental budgets are prepared in detail for transmittal to the Legislature in accordance with the Governor's Budget Request established ceiling levels
- Between the months of March and July, departmental budgets are thoroughly reviewed and budget hearings are conducted by the Legislature
- By August 31, the Legislature is mandated to pass the Fiscal Year General Appropriations Bill for transmittal to the Governor
- Pursuant to the Organic Act of Guam, the Governor has 10 days to act on the Budget Appropriation Bill for implementation at the beginning of fiscal year October 1



Fiscal and Administrative Review - In order to ensure the financial integrity of the Governor's operational budget plan, BBMR is tasked to review and recommend action through Governor's Executive Orders on the following departmental documents :

- Contracts / Work Requests / MOUs / MOAs
- GovGuam Personnel Actions
- Travel Authorizations
- Budget Allotments Schedules / Modification of Accounts / Establishment of Accounts
- Fiscal Notes / Legislative Review Committee comments
- Guam State Clearinghouse (Federal Grant Application Review)
- Special Projects (i.e., ARRA, DOI CIPs, etc.)
- Indirect Cost Negotiations



Number of Documents Processed					
Document Description	FY 2010	% Total	FY 2011	% Total	% Change Inc (Dec)
Guam State Clearinghouse	238	1%	84	1%	-65%
Contracts / Work Request / MOA/MOU	794	3%	768	7%	-3%
Allotment Schedules / Modifications / EOA's	3,001	12%	3,159	30%	5%
GG1 Request for Personal Actions	7,300	28%	3,680	34%	-50%
Travel Authorization Requests	1,387	5%	1,104	10%	-20%
Other Documents (i.e. fiscal notes, LRC, staffing patterns, OT plans, etc.)	13,224	51%	1,911	18%	-86%
TOTALS	25,944	100%	10,706	100%	



Expenditure Data (BBMR)				
Fund Source(s)	FY 2010 Expenditures + Encumbrances	% Total	FY 2011 Expenditures + Encumbrances	% Total
General Fund	\$1,278,091	91%	\$305,864	23%
Federal Match	-	-	-	-
Special Fund¹	129,125	9%	1,031,059	77%
Total	\$1,407,216	100%	\$1,336,923	100%
¹ Indirect Cost Fund				

Government of Guam
General Fund Revenues, Expenditures and Fund Balance (Deficit)
Fiscal Years 2003 - 2012

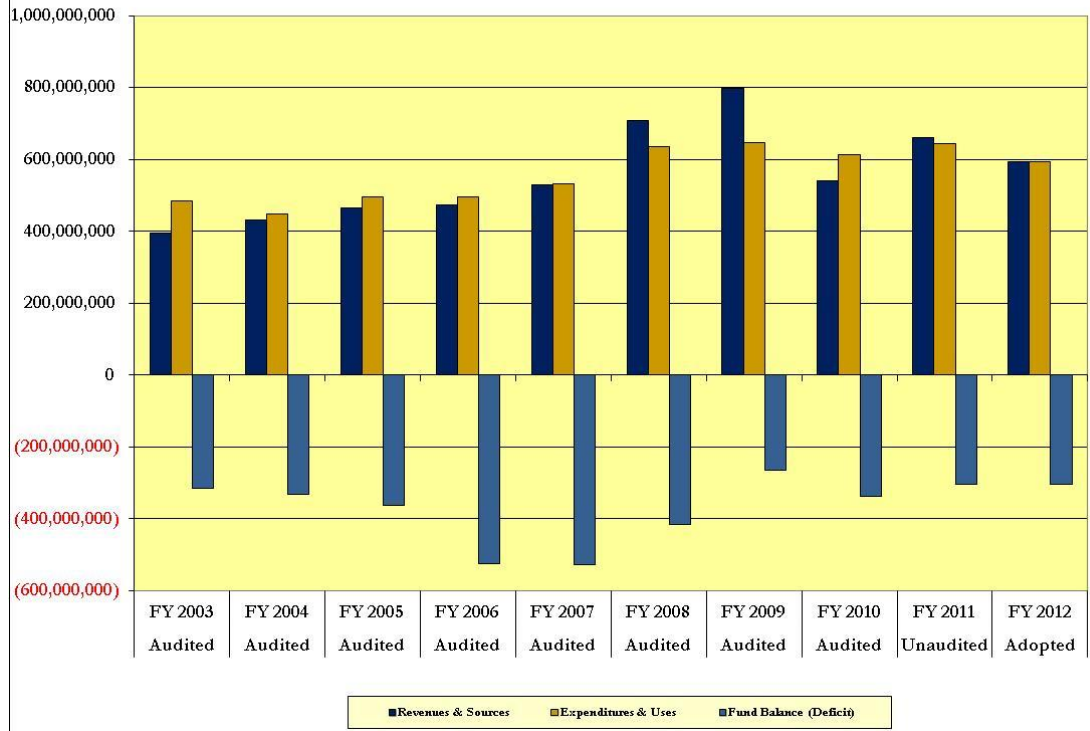
	FY 2003 ^{1&2}	FY 2004	FY 2005	FY 2006 ^{2&3}	FY 2007 ⁴	FY 2008 ^{5&6}	FY 2009 ⁷	FY 2010 ⁸	FY 2011 ⁹	FY 2012 ¹⁰ Adopted
Revenues	376,276,454	408,972,598	443,295,703	432,525,481	514,392,108	513,190,329	483,150,183	490,967,364	552,355,660	580,610,698
Transfers in	18,552,659	21,385,340	21,540,188	40,381,714	15,514,211	29,149,020	42,100,429	50,421,868	108,839,247	13,744,520
Other sources	0	0	0	0	0	0	0	0	0	0
Addition to long-term debt	0	0	0	0	0	165,735,000	271,070,000	0	0	0
Expenditures	342,550,414	272,798,820	311,200,792	312,583,833	344,532,234	454,173,611	524,510,895	499,897,836	677,669,429	455,860,675
Transfers out	141,169,672	175,023,355	184,027,587	182,417,559	188,566,899	101,440,906	112,049,662	112,558,888	31,075,716	138,494,543
Other uses	0	0	0	0	0	79,303,833	9,622,491		(65,735,000)	
Special items				153,580,231	0	(13,223,789)				
Overprovisioning for tax refunds		17,993,424			17,154,697					
Current year surplus (deficit)	(88,890,973)	(17,464,237)	(30,392,488)	(175,674,428)	(3,192,814)	86,379,788	150,137,564	(71,067,492)	18,184,762	0
Beginning fund balance (deficit)	(225,231,369)	(314,122,342)	(331,586,579)	(348,403,932)	(524,078,360)	(501,894,723)	(415,514,935)	(265,377,371)	(321,317,023)	(303,132,261)
Ending Fund balance (deficit)	(314,122,342)	(331,586,579)	(361,979,067)	(524,078,360)	(527,271,174)	(415,514,935)	(265,377,371)	(336,444,863)	(303,132,261)	(303,132,261)

Footnotes:

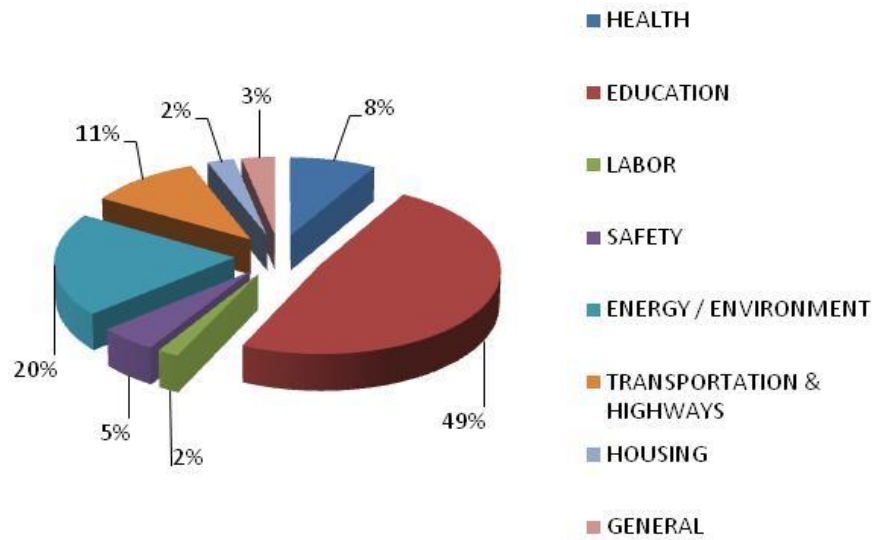
- 1/: Revenues in Fiscal Year 2003 is net of \$50 million earned income tax credit refunds.
- 2/: Beginning fund deficit for Fiscal Year 2003 & 2006 was adjusted to reflect adjustments made on Year Ended September 30, 2003 & 2006 Audited Financial Statements.
- 3/: Special items include COLA Settlement of \$123,580,231.00, and EITC Settlement of \$30,000,000.00.
- 4/: FY 2007 include EITC Judgement of \$17,154,697.00.
- 5/: FY 2008 adjustment of medical bill accrual.
- 6/: Based on FY 2008 Audited financial statement. Subsequent to the issuance of the GovGuam's 2007 basic financial statements, which included the financials of the General Fund, GovGuam management determined that: (1) accounts payable were understated by \$3,013,008; and (2) certain governmental funds previously reported separately from the General Fund with combined fund balances of \$11,234,762 were, in fact, considered to be part of the General Fund. As a result of this determination, the opening fund deficit decreased from \$510,116,477 to \$501,894,723 (\$510,116,477 + \$3,013,008 - \$11,234,762).
- 7/: Based on FY 2009 Audited financial statement.
- 8/: Based on FY 2010 Audited financial statement.
- 9/: Based on FY 2011 Audited financial statement.
- 10/: Pursuant to Public Law 31-77



General Fund Revenues, Expenditures & Fund Balance (Deficit)



GOVERNMENT OF GUAM 2009 American Recovery & Reinvestment Act (ARRA) - Federal Stimulus Funding - \$236,789,373 Allocation by Key Service Areas



Future Outlook



Performance-Based Budgeting

Several initiatives in the implementation of Performance-Based Budgeting (PBB) were instituted in past years; however, the Government of Guam faces many obstacles in the successful execution of this new approach to budgeting of government resources. The adoption of Performance-Based Budgeting will relate government expenditures to measurable results and will foster strategic planning and accountability. In light of past efforts, the Bureau continues to support and promote PBB and is prepared to serve as the lead agency in the implementation of PBB. Through collaboration by-and-between the executive and legislative branches of our government, the Bureau foresees improvements to essential government services by the effective implementation of PBB.

Streamlining Government Functions and Operations

The current financial condition of the Government of Guam warrants the necessity to support fiscal stabilization and deficit reduction efforts and to immediately implement cost-saving measures. Planned consolidation of departments are currently underway with the intent to address redundancies throughout government; reduce duplicated functions and services thereby reducing cost; and provide efficient and quicker services to the people of Guam.

Private-Public Partnerships / Outsourcing

As a result of anticipated reorganization in the coming year, a reduction to current manpower levels may be necessary. Outsourcing may be the most practical and cost effective approach to providing basic but critical services throughout the community.