



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

November 5, 2013

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

Receipts and Disbursements

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

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

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

Management Letters

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

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

Compliance with GovGuam Procurement Regulations

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

Monitoring of Non-Profit Organizations

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

Senior Citizen Center Operations

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

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