



**Association of Government Accountants
Guam Chapter**

Advancing Government Accountability

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Minutes of the Chapter General Membership Meeting
Wednesday, November 19, 2008, 12 Noon
Le Premier Restaurant, Onward Resort Hotel Tamuning, Guam

1. Call to Order: President Rodalyn Marquez called the meeting to order at 12:24 PM
2. Opening Ceremonies – National Anthem and Guam Hymn
3. Introduction of Guests – Welcome to Sheila Manaloto
4. Approval of Minutes – October 2008 minutes tabled until next meeting.
5. Treasurer’s Report – Ending balance as of October 30, 2008 was \$71,763. report approved subject to audit.
6. Committee Reports
 - Early Careers – The committee has been meeting and every student has a designated mentor.
 - Community Service Committee – Thanked those who supported the October 2008 Soup Kitchen. The Financial Literacy campaign will commence on December 6th where a presentation will be provided to Upward Bound students. Thanksgiving and Christmas Canned Food Drive is still on-going. Please bring your canned goods to the meeting or contact Llewelyn Restuvog. The membership will also be participating in the Salvation Army Red Kettle to take place during the first week of December. Additional information will be emailed to the membership.
 - Education Committee – CGFM review course to take place December 9-16th at the University of Guam. Speaker Won-Pat will be presenting a resolution during the training declaring December as CGFM month. John Phillips will be providing audit updates training. More information will be forthcoming.
7. Guest Speaker – Bertha Duenas, Director of Bureau of Budget Management and Research.
 - Ms. Duenas started by sharing that the Government of Guam continues to face many financial challenges. Over the past decade the Asian economy and Bush tax policies combined have contributed to the erosion of our tax base to the tune of about \$100 million. Guam’s economy is largely based on tourism and the U.S. military presence. The tourism economy suffered major setbacks in visitor arrivals brought on by the Asian economic crisis of the late 1990’s, two super-typhoons (PAKA in 1997 and Pongsona in 2002), and the attack on America in December 2001. The continued fluctuations of the Asian economy as well as other global events have threatened the stability of Guam’s tourism industry.

- In regards to the military build-up, Ms, Duenas shared that the impending military buildup has added to this challenge with accelerated demands on our local infrastructure. While we expect the federal government to pay for a good portion of infrastructure development geared towards the Defense Department's relocation plans, there will be an expectation for some local funding participation which Guam is not presently in a position to support with its current revenue stream.
- Despite it all, the General Fund's cumulative deficit has grown to \$510 million in FY 2007, due in part to Court-ordered settlements such as the EITC (\$90 million), COLA (\$123 million). Between FY 2005 and FY 2006 alone, the deficit grew by 66% due to the booking of the COLA & EITC liabilities which account for \$153 million. As a result, over the years there have been serious liquidity issues and the budget has not kept pace with increasing demands for essential public service.
- Facilities have suffered neglect due to insufficient capital improvement resources and the most recent casualty of this neglect is of course the closure of JFK High School. This has added to the pressure for capital resources alongside that for military growth demands. Adding to this already challenged outlook is the recently Court-ordered Landfill Receivership which is estimated to cost the government over \$200 million, plus the required deposit of \$20 million by January 5th of 2009 to jump start the project.
- On a positive side, GovGuam recorded a deficit reduction of \$14 million in FY 2007, with a potential for an additional reduction of \$20 million in FY 2008. We also secured deficit financing with a \$246 million bond authorization in the FY 2009 budget and, for the first time in Guam's history, we received an unqualified (clean) audit opinion in FY 2007. Also in FY 2007, several revenue enhancement initiatives were adopted which included the repeal of the visible GRT, the Dave Santos Act amendment, as well as other increases in departmental charges and fees. As a result of these improvements, Guam received an upgrade on its GO bond rating this past October which will make Guam more attractive to potential investors and will definitely translate to lower interest rates.
- Ms. Duenas shared that the FY 2009 budget dealt a reduction of over 10% from the baseline needs of most agencies. Critical areas such as education, health, and public safety were not spared and the struggle will be immense to get by the fiscal year sustaining basic operations. It will be a daunting effort balance maintaining Guam's bond rating by preventing further deficit growth against the demands for critical needs that may cause just the opposite effect.
- In conclusion, Ms. Duenas shared that the dynamics and complexities of our current financial condition is not easily understood, nor is it expected to go away overnight. But sound with planning we will be able to turn things around.

8. Free Lunch Raffle for December 2008 membership meeting.

9. Next Meeting – December 17, 2008 at Le Premier Restaurant, Onward Hotel Tamuning, Guam.
AGA 2008 Christmas Party!!

10. Adjournment – Meeting adjourned at 1:18 PM.

Minutes Prepared by:
/s/ Maripaz N. Perez