



BUREAU OF BUDGET & MANAGEMENT RESEARCH

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DEPUTY DIRECTOR

JAN 13 2014

The Honorable Judith T. Won Pat, Ed. D.
Speaker
Mina 'Trentai Dos na Liheslaturan Guåhan
Thirty Second Guam Legislature
155 Hesler Place
Hagåtña, Guam 96910

Håfa Adai Speaker Won Pat,

Pursuant to Public Law 30-127, transmitted as attached is the Bureau's Citizen-Centric Report (CCR) for Fiscal Year 2012. The report is to be provided in electronic format (via pdf email attachment) to your office and will be posted on our website at <http://bbmr.guam.gov/>. A copy of the report will also be sent to the Public Auditor in the electronic format as is required.

I do apologize for the delayed submission of our report. Should you have any questions, please do not hesitate to contact the Bureau at 475-9412.

Sincerely,


JOHN A RIOS

Attachment



BUREAU OF BUDGET AND MANAGEMENT RESEARCH SETBISON MANINAN YAN MINANEHAN GASTO

2012 Citizen Centric Report

Published December 2013

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Leadership

I Maga' Lahan
Guðhan
Governor of Guam
The Honorable
Edward J. B. Calvo
I Segundu na
Maga'lahen
Guðhan
Lt Governor of
Guam
The Honorable
Raymond S. Tenorio

Director
John A. Rios
Deputy Director
Stephen J. Guerrero

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Vision Statement

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.

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



Stephen J. Guerrero
BBMR Deputy Director

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 pursuant to the Governor's Executive Order No. 2012-01 on the following departmental documents :

- Contracts / Work Requests / MOUs / MOAs
- Request for Personnel Actions

- Travel Request and Authorizations / Travel Reimbursement Requests
- Establishment of Accounts / Modification of Accounts / Budget Allotment Schedules

Fiscal Notes / Legislative Review Committee (LRC) comments

Preparation of fiscal note or waiver – Review and analysis of proposed legislative bills to ascertain effect upon the revenues and expenditures of any funds of the government of Guam or waiver if effect is none. Provide comments and makes recommendation to LRC on passed legislations.

Guam State Clearinghouse (GSC) Procedures - Federal Grant Application Review

Prepares and reviews comments and makes recommendations to the GSC on all federal aid programs, grants, loans, contracts, etc. relative to the financial impact on the government of Guam.

Special Projects (i.e. ARRA, DOI CIPs, etc.)

ARRA – The American Recovery & Reinvestment Act of 2009

→ BBMR’s Role:

- Designated as state lead agency for the government of Guam in 2009
- Coordinate with recipient departments to monitor progress and ensure reporting compliance
 - BBMR Circular 09-05 (ARRA-1 Monthly Reports)
 - BBMR Circular 09-06 (Sec. 1512 Reporting Compliance)

→ Department of Interior (DOI) – Compact-Impact Assistance (IA) and Capital Improvement Projects (CIP)

- Administers IA and CIP grants on behalf of the Office of the Governor
- Prepares and remits IA and CIP grant applications, coordinates projects and meetings between department/grantees, the Office of the Governor and DOI officials.
- Ensure reporting compliance including grant project status and financial reports.

Indirect Cost (IDC) Negotiations

Working alongside the National Business Center (NBC) under the Department of Interior (DOI) for the acceptance of proposed indirect cost rates which are used in budgeting for indirect costs.



Number of Documents Processed					
Document Description	FY 2011	% Total	FY 2012	% Total	% Change Inc (Dec)
Comments to Guam State Clearinghouse on federal grant applications	84	1%	42	0%	-50%
Contracts / Work Request / MOA/MOU	768	7%	781	9%	2%
Allotment Schedules / Modifications / EOA's	3,159	30%	2,981	33%	-6%
GGI Request for Personal Actions	3,680	34%	2,375	27%	-35%
Travel Authorization Requests	1,104	10%	1,109	12%	0%
Other Documents (i.e. fiscal notes, LRC, staffing patterns, OT plans, etc.)	1,911	18%	1,625	18%	-15%
TOTALS	10,706	100%	8,913	100%	



Expenditure Data (BBMR)				
Fund Source(s)	FY 2011 Expenditures + Encumbrances	% Total	FY 2012 Expenditures + Encumbrances	% Total
General Fund	\$274,813	21%	\$1,019,843	78%
Federal Match	-	-	-	-
Special Fund ¹	1,031,059	79%	294,050	22%
Total	\$1,305,872	100%	\$1,313,893	100%

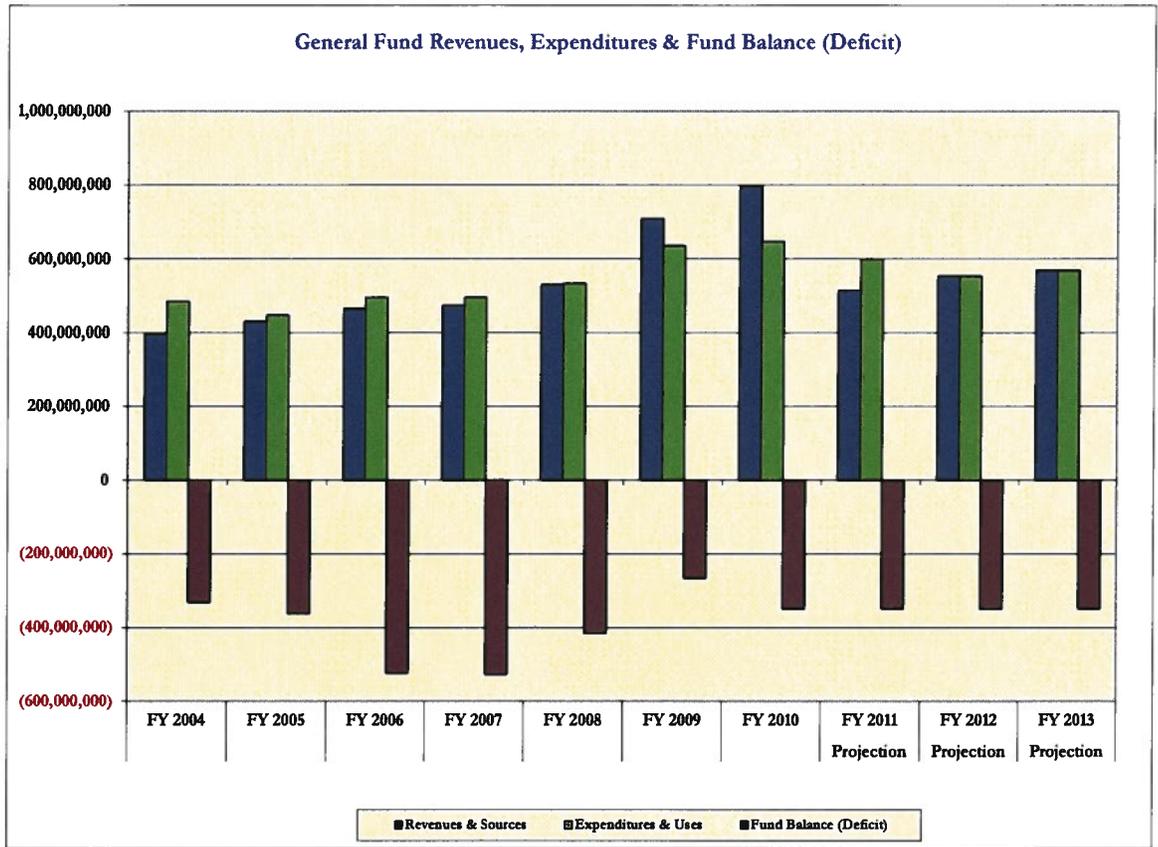
¹ Indirect Cost Fund

Government of Guam
Revenues, Expenditures and Fund Balance (Deficit)
Fiscal Years 2003 - 2013

	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 Projection	FY 2012 ¹⁰ Projection	FY 2013 ¹¹ Projection
Revenues	376,276,454	408,972,598	443,295,703	432,525,481	514,392,108	513,190,329	483,150,183	485,114,059	535,231,228	561,172,043	573,229,627
Transfers in	18,552,659	21,385,340	21,540,188	40,381,714	15,514,211	29,149,020	42,100,429	29,447,176	17,817,933	7,135,019	15,672,706
Other sources	0	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	0
Expenditures	342,550,414	272,798,820	311,200,792	312,583,833	344,532,234	454,173,611	524,510,895	489,225,568	411,685,091	409,414,256	427,375,004
Transfers out	141,169,672	175,023,355	184,027,587	182,417,559	188,566,899	101,440,906	112,049,662	108,919,495	141,375,535	158,892,806	161,527,329
Other uses	0	0	0	0	0	79,303,833	9,622,491				
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	(83,583,826)	(11,465)	0	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)	(348,961,199)	(348,972,664)	(348,972,664)
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)	(348,961,199)	(348,972,664)	(348,972,664)	(348,972,664)

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 draft FY 2010 Unaudited financial statement as of 02/25/2011.
- 9/: Pursuant to PL 30-196 as amended by PL 30-234.
- 10/: FY 2012 Governor's Executive Budget Request.
- 11/: FY 2013 Governor's Executive Budget Request.



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.

