



OFFICE OF THE PUBLIC AUDITOR
Doris Flores Brooks, CPA, CGFM
Public Auditor

February 18, 2010

Honorable Adolpho B. Palacios Sr.
Senator
Mina Trenta Na Liheslaturan Guahan
155 Hesler Pl.
Hagatna, Guam 96910

Re: Bill 263 An Act to Adopt the Association of Government Accountants'
"Citizen-Centric Report" Initiative

Dear Senator Palacios and Committee Members:

Buenas yan Hafa Adai. I would like to thank you for conducting a public hearing on Bill 263 and the opportunity to provide testimony.

The purpose of Bill 263 is to provide information regarding government operations, especially in regards to how taxpayer dollars are spent. Both the Association of Government Accountants (AGA) and the Office of Public Accountability (OPA) have been advocating this initiative as a way of promoting government.

As I stated in my 2009 inaugural speech, one of my goals was to "make **accountability and transparency the norm in government.**" The Legislature also had the same intent when they mandated all government of Guam entities submit quarterly financial information between FY 2006 and 2009. The financial information have been traditionally presented in forms accessible only to trained accountants, having little to no meaning for the average person.

Governments should be accountable for the proper use of tax dollars and for providing quality information to its citizenry. However, many governments struggle to communicate the business of government to residents, particularly when presenting information about how public funds are allocated and spent.

In 2008, the AGA surveyed the public on the effectiveness of government fiscal reporting. The survey found that 89% said that, "as taxpayers, they are entitled to transparent financial management information," and 57% of them said that it's the government's obligation to provide such effective fiscal reports." Surveyed citizens also voiced their lack of trust and confidence in the government.

Although the FY 2010 Budget Act removed the quarterly financial reporting requirement, a more meaningful alternative would be to provide accountability and transparency through the Citizen-Centric report. Such reports foster innovative means of communication between governments and their citizenry. Specifically, the reports can be a medium to:

- Provide continuous improvement of financial, technical support, and services to the public.
- Fulfill assigned operational and oversight responsibilities with the highest possible degree of efficiency and effectiveness.
- Protect the public's trust and promote the public's interest.
- Enhancing effective public-policy decisions at all levels of government.

The information should be clear and understandable, updated regularly, easily accessible to all, honest in breadth, technically accurate in detail, and not financially burdensome to produce by the entities.

Suggestions

I have two suggestions for Section 2(a) Timeline for Submission.

1. *Page 2, line 13.* No later than ~~thirty (30) working~~ **sixty (60) calendar** days...

- During OPA's FY 2009 financial audit status meetings, several entities have commented that it would be difficult to meet the requirement to produce Citizen-Centric reports no later than 30 working days after the release of their respective financial audits. I would like to suggest the committee consider revising the due date to no later than 60 calendar days after the release of their respective financial audits.

2. *Page 2, line 20 to Page 3, line 1.* ... in electronic format (via ~~Compact Discs (CDs) or a .pdf e-mail attachment~~), a "Citizen-Centric Report." The same shall be posted on the entity's website, **and made available in printed format, such as brochures.**

- Citizen-Centric reports are a simple way of explaining government entities' operations. By having brochures available at the entities, citizens and visitors can obtain government information that they can take with them and read at their leisure.
- In May 2009, the Spring 2009 University of Guam Government Accounting students presented their Citizen-Centric report projects at the AGA Guam Chapter General Membership Meeting. Provided for your perusal are the reports prepared on behalf of the Guam Community College, University of Guam, and Guam Public School System.
- Several U.S. states have initiated these endeavors. Again, provided for your perusal are some examples.

Conclusion

The OPA is in full support of Bill 263 with amendments. The Citizen-Centric reports will make governments more accountable to their citizens, and make the people of Guam become better educated and better able to participate in government activities.

Thank you, and Si Yu'os Ma'ase.

Senseramente,

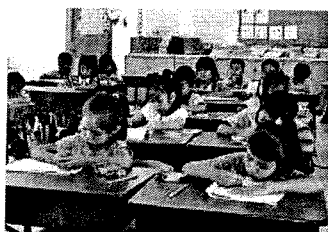
A handwritten signature in black ink, appearing to read 'Doris Flores Brooks', written in a cursive style.

Doris Flores Brooks, CPA, CGFM
Public Auditor

A Case Study of The Guam Public School System A Report to Our Citizens

Vision/Mission Statement

Our Educational Community,
Prepares all students for life,
Promotes Excellence, and
Provides Support



Guam Education Policy Board

The Guam Education Policy Board has adopted certain Objectives and Goals for GPSS to achieve in its operations.

- All Guam public school students will graduate from high school prepared to pursue post-secondary education on or off-island or to assume gainful employment within the public or private sector
- All students in Guam Public School System will successfully progress from grade to grade and from one level of schooling to another in order to maximize opportunities to successfully graduate from high school.
- All Guam Public School System's personnel will meet high standards for qualifications and ongoing professional development and will be held accountable for all assigned responsibilities.
- All Guam Public School System's school facilities will meet high standards for health and safety and provide optimal conditions for learning objectives.
- All Guam Public School System's operations activities will maximize the critical use of limited resources and meet high standards of accountability.

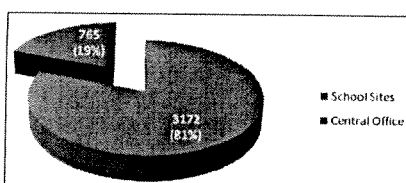
What is covered:

- > Basic District Information
- > School-wide Statistics
- > Performance Measures
- > Student performance evaluations
- > Prevailing Issues
- > Impact of the Military Buildup
- > Impact of High-Risk Status

Prepares all students for life,
Promotes excellence, and
Provides support...

Employee Distributions

- These figures represent the employees of GPSS that has the responsibility to ensure that the children of the island of Guam has an adequate education.
- We can also see the total teachers allocated to the central office as well as the extent of certification by the teachers
- Item under employee distribution by position marked as Unknown represents employees whose code is not available due to exiting the department during the year.
- Notable figures include: 19% of staff are located at the central office. There is a position called Central School support that has 444 individuals listed.



SY 06-07 Employee Distribution by Position

Position	# of Employees	% of Population
Principals and Assistants	47	1%
Central Administrators	13	0%
Teachers	2499	83%
Professional/Ancillary	55	1%
Health Counselors	41	1%
Central School Support	444	11%
Cafeteria	87	2%
Custodian/Maintenance	169	4%
School Aides	583	14%
Unknown	19	0%
Total GPSS Employees	3,937	100%

SY 06-07 Classroom Teacher Certification

Type of Certification	Elementary	Secondary	Total
Professional I	384	407	791
Professional II	401	407	808
Emergency	39	56	95
Provisional	70	12	82
Standard	27	19	46
Total	921	901	1,822

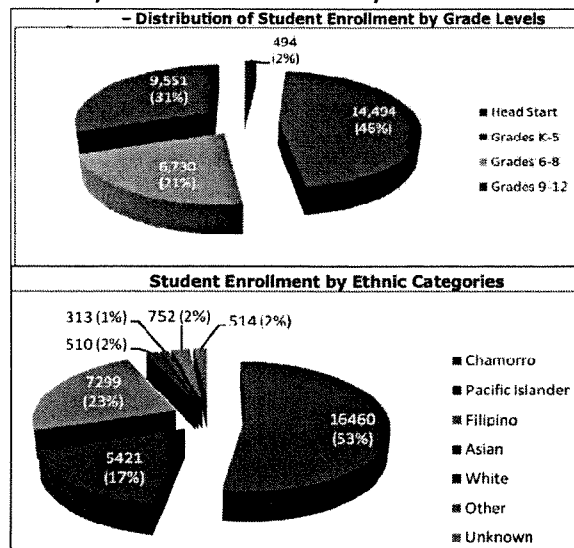
A Case Study of The Guam Public School System

Student Population Statistics

During the 2007 school year, GPSS students from Elementary through High school totaled 30,573 students. A breakdown of the demographics can be seen to the right. The diversity of the different ethnic groups shows proof Guam as a melting pot of different cultures from different parts of the world. This diversity, however, has also been a cause for friction between the different group and the source of many school conflicts. Educators and administrators must strike a common ground and must continue to encourage cooperation in order to ensure the safety and progress.

The following is a notable number of students per high school which can be used to compare the percentage of graduates to the total population

• George Washington	2,652
• John F. Kennedy	2,616
• Simon Sanchez	2,648
• Southern High	1,570



Graduation Rates/Dropout rates

GPSS High School Graduation Rate Distribution by School and Total District

	2003-2004	2004-2005	2005-2006	2006-2007
High School	Number of Graduates	Number of Graduates	Number of Graduates	Number of Graduates
George Washington	452	384	384	450
John F. Kennedy	351	289	255	359
Simon Sanchez	361	337	385	414
Southern High	292	307	284	292
Total GPSS	1,456	1,317	1,308	1,515

Graduation rates has fluctuated from the 4 years, though FY 2006-2007 records an all time high of graduating seniors. This positive trend shows that GPSS is able to consistently help their students succeed and graduate from high school.

Guam Public School System Comparative High School Dropout Rate

	SY 03-04	SY 03-04	SY 04-05	SY 04-05	SY 05-06	SY 05-06	SY 06-07	SY 06-07
High School	Dropout Number	Dropout Rate	Dropout Number	Dropout Rate	Dropout Number	Dropout Rate	Dropout Number	Dropout Rate
George Washington	250	7.7%	208	8.0%	180	5.3%	174	5.5%
John F. Kennedy	24	6.4%	248	9.5%	241	7.1%	282	11.3%
Simon Sanchez	121	4.4%	116	5.1%	64	2.8%	184	5.9%
Southern High	240	10.9%	153	9.3%	284	9.5%	111	7.8%
Total GPSS	825	7.1%	725	7.9%	769	6.4%	751	7.4%

Dropout rates has seen a fluctuated through the 4 years. Dropout number has seen a decrease compared to SY03-04 and SY05-06. This information plus the higher graduation rates show a positive trend in GPSS performance.

Performance Measures

SATIO Percentile Scores: Grade by Content Areas

Content Area	Grade Levels											
	Gr. 1	Gr. 2	Gr. 3	Gr. 4	Gr. 5	Gr. 6	Gr. 7	Gr. 8	Gr. 9	Gr. 10	Gr. 11	Gr. 12
Reading	42	30	21	29	26	21	28	29	26	24	33	36
Math	34	22	17	28	22	20	28	27	35	29	32	33
Language	26	17	25	26	34	38	35	32	25	27	30	32
Spelling	54	44	45	44	45	45	47	52	46	35	43	46
Environment/Science	24	19	29	35	36	39	36	35	35	30	41	43
Social Science	Not tested	19	36	31	33	33	37	36	30	40	41	
Listening	24	17	20	28	27	17	24	26				
Complete Battery	38	27	24	32	30	29	33	34	33	29	36	39

The number that corresponds to the Grade and Content Area is the percentile score. Percentile represents the percentage of students likely to score below a certain point in the scoring distribution. A score of 50% means that the students scored higher than 50% of the other students in the whole USA. Notable achievements include: 42% reading percentile for Gr. 1. 43% Environment/Science percentile for Gr. 12.

SY 06-07 Distribution of School Performance Classification by Grade Levels

Grade Level	Unacceptable	Low	Satisfactory	Strong	Exceptional	Row Total
Elementary	0	3 (12%)	22 (88%)	0	0	25 (100%)
Middle	0	0	7 (100%)	0	0	7 (100%)
High	0	2 (50%)	2 (50%)	0	0	4 (100%)
All Schools	0	5 (14%)	31 (86%)	0	0	36 (100%)

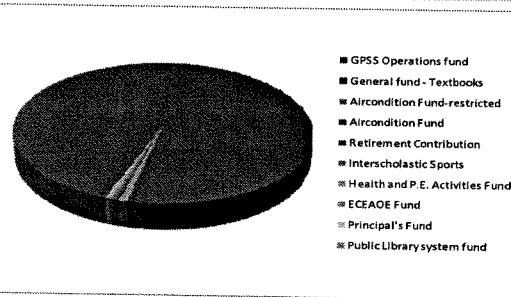
The table above represents the grades that the school received in their effort to achieve the stated goals set by GEPA. As noted, there were 5 schools that received a "low" score, with none above satisfactory. The score is derived from factors such as graduation rate, SATIO performance, employee attendance rate, and student attendance and discipline rate.

This measure was enacted through P.L. 26-26 and was adopted by the Guam Education Policy Board. Criteria for grading came from P.L. 26-26 and P.L. 28-45. Individual school reports cards are available at the GPSS website.

Breakdown of Appropriations for the Fiscal Year 2006–2007

SY07 Total Local Appropriations

	Total Appropriations	% of Total
GPSS Operations fund	172,053,445	96.98%
General fund - Textbooks	1,500,000	0.85%
Aircondition Fund-restricted	1,503,510	0.85%
Aircondition Fund	450,421	0.25%
Retirement Contribution	784,000	0.44%
Interscholastic Sports	509,246	0.29%
Health and P.E. Activities Fund	324,416	0.18%
ECEAOE Fund	140,000	0.08%
Principal's Fund	110,000	0.06%
Public Library system fund	38,402	0.02%
Total	177,413,440	100.00%



The preceding graph and table presents the total appropriations that GPSS received from the Government of Guam. The GPSS operations fund represents a lump sum appropriation that requires GPSS to determine, internally, the allocation of the total of the fund.

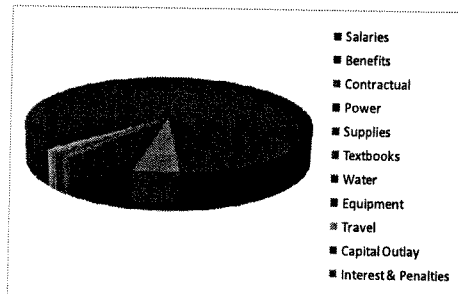
Notable figures include:

- A discussion with Ike Santos, Federal Programs Administrator of GPSS, revealed that the textbooks appropriations, which were normally 3,500,000, was cut down to 1.5 million due a misunderstanding by GPSS official about the need of such funds.
- The air condition fund totals up to 1.5 million dollars which was appropriated to help fix the air conditioning problems throughout GPSS.

Breakdown of Expenditures for the Fiscal Year 2006–2007

The amounts represented in this figure are the actual expenditures, or money spent by GPSS during the fiscal year 2006–2007 including special appropriations. Key highlights include

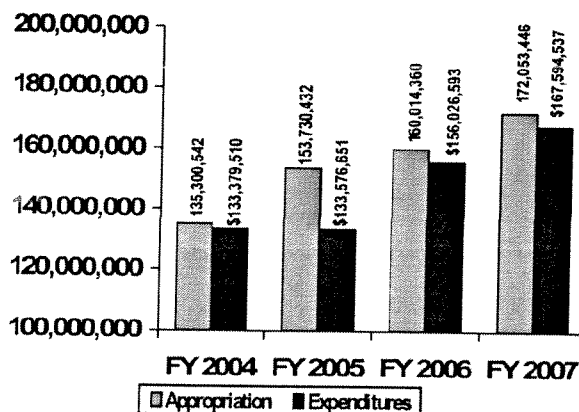
- \$308,621 expenditures for capital outlay
This category includes any expenditure for items above a threshold of \$5,000
- Salaries and Benefits make up 85% of GPSS total expenditures.
- Power expenses, that measure the total electrical consumption of GPSS is the largest expenditure apart from payroll expense.
- Water includes all expenditures relating to water consumption



- Total expenditures for books only totaled over half a million dollars which is a fraction of the total 1,500,000 appropriated for the expenditure.

SY07 Total Expenditures		
	Total Expenditures	% of total
Salaries	115,729,786	65.57%
Benefits	34,074,996	19.31%
Contractual	8,176,351	4.63%
Power	12,356,367	7.00%
Supplies	943,126	0.53%
Textbooks	583,466	0.33%
Water	1,586,301	0.90%
Equipment	670,075	0.38%
Travel	261,312	0.15%
Capital Outlay	308,621	0.17%
Interest & Penalties	823,123	0.47%
Phone	794,218	0.45%
Stipends and other	177,961	0.10%
Overtime	4,501	0.00%
Total	176,490,186	100.00%

Further Breakdown of Financials

GPSS Comparative Appropriations & Expenditures
Based on Local Funds

- The graph to the left represents both the amounts appropriated (authorized) by the legislature for GPSS to use and the actual expenditure that GPSS has. Although there has been a gradual increase in appropriations, GPSS has also been expending less than what the legislature appropriates.
- The graph below represents the cost per pupil for GPSS. The calculation is based on total local expenditures divided by the average daily membership of students.
- Calculation of Expenditures excludes special appropriations.

Per Pupil Cost Based on Expenditure of Local Funds

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Expenditures	\$ 135,933,575	\$ 133,379,509	\$ 133,576,651	\$ 156,026,593	\$ 167,594,537
Average Daily Membership	31,107	30,175	30,327	30,461	31,724
Per Pupil	\$ 4,370	\$ 4,420	\$ 4,405	\$ 5,122	\$ 5,283

Disclaimer Statement: The Guam Public School System bears no responsibility or liability for the content of this report and is solely the responsibility of the authors.

Current Issues that will affect GPSS

What should we expect?

Budget Cuts

Government of Guam has always had fiscal related issues but the recent fines and fees levied due to the closing of the Dump has been source of expenditures that has radical repercussions on all of the line agencies, specially GPSS since the agency makes up the bulk of the total appropriations.

The financial crisis that has even gone to the point in which budget cuts were even contemplated. Although the budget cuts were averted by issuing bonds to help pay for the fees related to the closure of the dump, this doesn't mean that future crisis will not once again put this agency, so heavily dependent on the legislature's appropriations, back on the chopping block.

High Risk

GPSS is labeled by the US DOE as high risk for one significant reason, the lack of Internal controls that will safeguard the Federal monies granted. Without the assurance that the monies granted to a specific program is spent for its designated purpose, the Federal government will not release these monies.

GPSS has even gone as far as to almost lose the monies granted for the food and nutrition program that has been completely funded by the Federal Government. However, a Consolidated Corrective Action Plan have been created in conjunction with the Federal Programs Division to help GPSS improve its internal controls and have its High Risk status lifted.

Prepares all students for life,
Promotes excellence, and
Provides support...

Guam Public School
System
P.O. Box DE

Phone: 671- 475-0462
Fax: 671-472-5003

Reference

Military Buildup

In 2006, Guam was chosen as the location for the military buildup. The buildup would consist of relocating 10,000 marines and their families to Guam, improving the Guam Naval Base to serve as the forward operations and logistics hub, and developing Andersen Air Force Base to serve as the new forward-based requirements.

According to the studies being conducted by the Education subcommittee of the Guam buildup, GPSS is approximated to increase its student population by 4,958 due the buildup. This does not help the fact that GPSS is currently experiencing overcrowding issues especially in the northern schools.

GPSS has already taken steps to alleviate the current population problem by building 3 new schools, Okkodo High School, Astumbo Middle School, and Ligan Elementary School.

However, the committee has also estimated that to accommodate the influx of students, an approximate 6 new schools need to be built.

Although the prospect of more business seem well, GPSS will still need to accommodate the students until proper appropriations are made.

Information Sources

Did you know that you can get more information about GPSS from:

GPSS main homepage—[http://
www.bit.guam.gov/Home/tabid/3249/
Default.aspx](http://www.bit.guam.gov/Home/tabid/3249/Default.aspx)

Annual State of Public Education Report— GPSS homepage

Audited Financial Statements—
www.guamopa.com

Critical financial information— GPSS homepage

Civilian/Military Task Force (CMTF) Education Subcommittee. (2009, February 2). *February 4, 2009 Education Subcommittee Report*. Retrieved April 3, 2009, from <http://guambuildup.com/content/view/full/173/131/>

Guam Public School System. (2007). *Annual State of Public Education Report SY 2006-2007*. Hagatna: Guam Public School System.

Guam Public School System. *Financial Statements, Additional Information and Independent Auditor's Report*. Hagatna: Guam Public School System.

Santos, I. (2009, April 2). Federal Programs Administrator. (R. G. Paglingayen, & A. Delos Reyes, Interviewers)

Fiscal Year 2008

Published May 16, 2009

In partial compliance with the requirements of BA 401, Governmental Accounting

A Case Study of *Unibetsedåt Guahån*

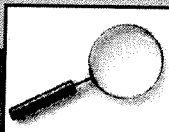
A Report to Our Citizens

Mission—

Ina, Diskubre, Setbe:

- The University of Guam is a US accredited, regional, Land Grant institution. It is dedicated to the search for and dissemination of knowledge, wisdom, and truth
- The University exists to service its learners and the communities of Guam, Micronesia, and the neighboring regions of Oceania and Asia
- The University prepares learners for life by providing the opportunity to acquire knowledge, skills, attitudes, and abilities through the core curriculum, degree programs, research and outreach
- At the Pacific crosscurrents of the East and West, the University of Guam provides a unique opportunity to discover and acquire indigenous and global knowledge

Table of Contents:



Our Performance	2
The University's Budget	3
What's Next?	4
Future Challenges	

To view StateUniversity.com's college ranking criteria, visit:

<http://www.stateuniversity.com/blog/permalink/StateUniversity-college-Ranking-System-Now-Online.html>

ABOUT THE UNIVERSITY OF GUAM (UOG)

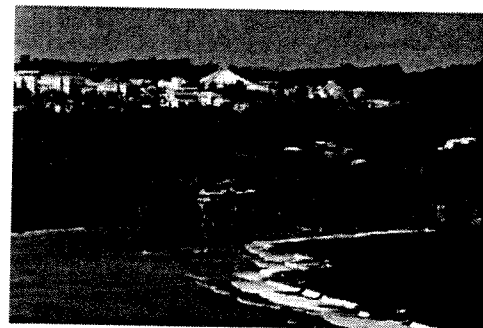
Overlooking historic and scenic Pago Bay, the 110-acre Mangilao campus is the premier institution of higher education in the Western Pacific.

Chartered in 1952, the University has been continuously accredited by the Western Association of Schools and Colleges since 1963, and is part of the US land-grant institution system, currently offering 15 master's and 35 undergraduate degree programs.

In May 2008, the University chose Robert A. Underwood, Ed.D., as its tenth president. His administration has since launched strategic initiatives, which are aligned with three overarching themes: UOG Green, the Natural Choice, and Leading Change. *UOG Green* is based on the traditional Chamoru respect for the earth and its ecosystems; the *Natural Choice* attempts to position the University as the choice for high school seniors and residents turning to higher education to improve the quality of life; whereas, *Leading Change* recognizes the University's pivotal role in spearheading the economic, societal, technological, and political changes that are inevitable as Guam undergoes its most dramatic transformation since World War II as a result of the Guam International Agreement between the US and Japan.

DISCLAIMER STATEMENT

Opinions stated on this report are solely those of the authors, and in no way reflect the opinions or policies of the University of Guam. The University of Guam bears no responsibility or liability for the content of this report.



OUR GOALS

- To secure accreditation
- To develop a national and international strategy to expand funding sources
- To solidify the university as a regional institution—updating existing infrastructure, as well as
- creating innovative centers of study
- To integrate technology in all aspects of the university—learning, administration, and financial functions
- To match student services with student char-

SELECTED DEMOGRAPHIC AND RANKING INFORMATION

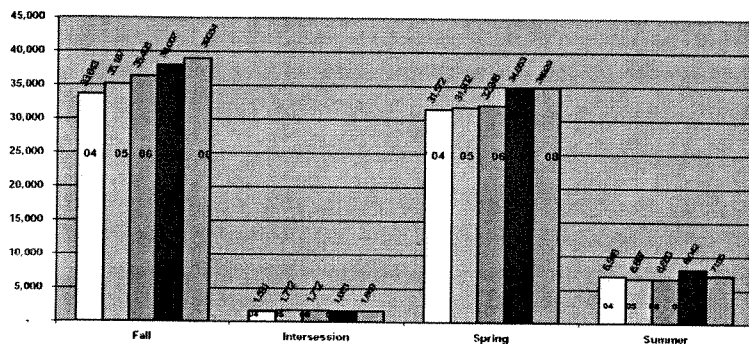
- '08 Fall enrollment: 3,387, represents a 3.2% increase over prior year and a 15% increase from 2004
- 91% Asian-Pacific Islander; 62% female; 38% male
- 735 new undergraduate students; 59 new graduate students
- 72% of faculty with terminal degrees in their field
- According to *StateUniversity.com*. Though ranking 1,371 (out of 2,000), UOG places at 708 for the cost of attendance

Factors	UOG	Wayne State College	UH - Manoa
Overall Score	65.4	65.7	84.8
Ranking	1,371	1,360	442
Total Cost	\$21,459	\$12,100	\$15,597
Admission	N/A	N/A	0.68
ACT/SAT (75 percentile)	N/A	N/A	25/1,190
Student Ratio	13:01	20:01	13:01
Retention (Full/Part-time)	63%/37%	70%/50%	77%/60%
Enrollment	3,176	3,407	20,357

OUR PERFORMANCE—2008 AUDIT

ASSESSMENT

Enrollment Information - Credit Hour Production



In evaluating financial health, one of the most important questions is whether the institution is financially better off at the beginning of the year or at the end of the year. In FY08 the University's finances were weaker, showing a decrease in net assets of \$3.9 million. This is the University's first deficit in the last six years attributed to the global economic decline.

IMPROVED FINANCIAL POSITION IN 5 OF LAST 6 YEARS, BUT DEFICIT IN FY08

The University's overall financial position has improved in five of the last six years. Revenues have increased and revenue sources are more diversified. The University is competitive in bringing grant funding to bear on community needs. While securing stable and sustainable resources remains a challenge, the University and the government work closely and collaboratively to plan ahead and act pragmatically. In an era of scarce resources, the University has demonstrated the resilience to accomplish its mission by delivering programs of high academic quality during persistently turbulent times. To find financial balance and to protect financial stability and long-term viability, the University has endeavored to operate within its means by reordering and restructuring priorities, implementing financial controls, increasing and diversifying revenues, partnering with other institutions to obtain grant awards, and developing a budget base that sustains educational effectiveness. New policies and processes have been developed, focused on best practice and benchmarks.

Nevertheless, the University incurred a \$3.9 million deficit in FY08. The University's best efforts to achieve financial

balance were impacted by a \$2.6 million investment loss, which is substantially unrealized, resulting from the global economic recession and financial crisis on equity markets; \$1.4 million government of Guam allotment holdbacks; and higher expenses associated with increases in student enrollment, grants and contracts, utility rates and retirement fund contributions partially offset by higher tuition and grant revenues.

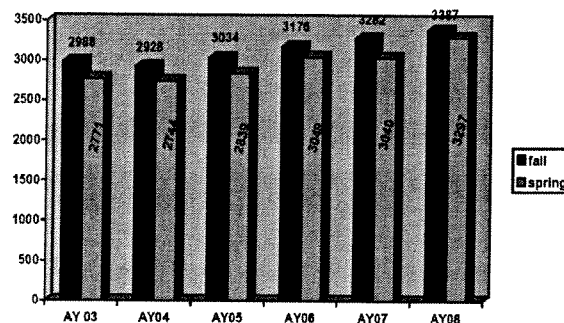
ACADEMIC QUALITY

The University has maintained its primary accreditation from WASC and has specialized accreditation in the professional schools (i.e., School of Business and Public Administration, School of Education, School of Nursing and Health Sciences), which speak to program quality and improvement. Learning objectives are documented in course outlines, syllabi and catalogs. Budgets, administrative structures and faculty development activities support and enhance academic quality. The above are based on evidence, including external reviews. Faculty and administrators have undertaken a data-based analysis of undergraduate academic programs with the goal of "right-sizing" them in an environment of

FOURTH YEAR AS LOW RISK AUDITEE

The University has maintained low-risk audit status for federal grants and contracts for four consecutive fiscal years, effectively managing an increasing number of awards. No instances of noncompliance or material deficiencies in internal control were identified during this audit. The number of federal grants rose just two years ago; 27 new or continuing awards of \$2.5 million were received, evidencing the University's competitiveness in research and commitment to community service. Grants and contracts brought in over \$27.5 million of outside monies, leveraging the government of Guam appropriation by 1.54 times and propelling the island's economic, environmental and social development. The U.S. Departments of Education (\$14.7 million), Agriculture (\$4.4 million), & Health and Human Services (\$3.6 million) are the largest Federal grantors, ranked by FY08 expenditures.

TRENDS IN STUDENT ENROLLMENT AY03-08 (HEADCOUNT)



scarce resources. A review of graduate programs is underway. Administrative resources have been realigned to better support graduate programs, assessment and institutional research.

To view the complete reports visit:

http://www.guamopa.org/?pg=reports&audits&action=show_monthly&month=04&year=2009&PHPSESSID=eb271f963f84465e7f31beb3d4cc9c7f6

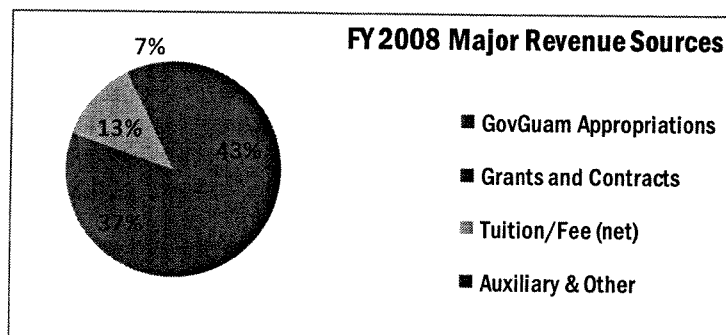
The measures reported on this page were based on the findings of the Guam Office of the Public Auditor and Burger & Comer. For more information, please contact Cathleen Moore-Linn at: cmoore@ugam.uog.edu.

Your interest and opinion are most appreciated. For information regarding programs and admissions, email your questions to: admitme@ugam.uog.edu

THE UNIVERSITY OF GUAM'S FINANCES

REVENUES AND EXPENSES

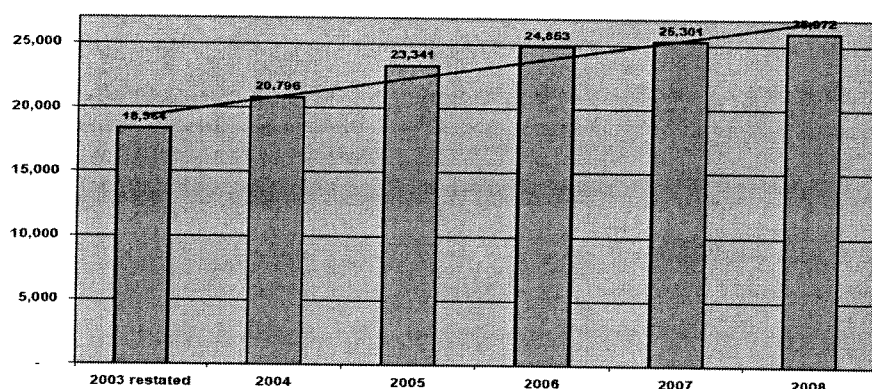
MAJOR REVENUE SOURCES (IN THOUSANDS)



Major Revenue Sources	FY 2008	FY 2007
GovGuam Appropriations	\$ 31,776	\$ 28,922
Grants and Contracts	\$ 27,459	\$ 21,275
Tuition/Fee (net)	\$ 9,127	\$ 8,903
Auxiliary & Other	\$ 5,339	\$ 5,271
Total	\$ 73,701	\$ 64,371

1. The "other" in the Auxiliary and Other revenue source includes interest on institutional student loans and other non-appropriated funds.
2. The "auxiliary" in the Auxiliary and Other revenue source consists of enterprises that provide services to students, University staff, and the public, such as the Triton Bookstore.
3. Major Revenue Sources do not include the "net investment income (loss)" of (\$2,603, 236) for the 2008 and \$2,003,550 for the 2007 fiscal year, as stated in UOG's audited Statements of Revenues, Expenses, and Changes in Net Assets (Burger & Comer, 2009). The loss in 2008 was attributed to the economic downturn that affected the U.S. and international markets.

Federal Grants and Contracts Revenue Trend



INDEPENDENT AUDIT

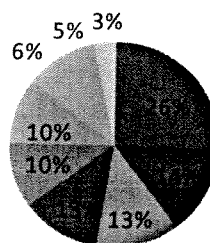
An independent audit of the university's financial statements, performed by Burger and Comer, P.C. on March 12, 2009, resulted in a clean audit opinion. This means that the auditors found the University of Guam's financial statements, financial position, component units, and cash flows for the period of September 30, 2008 were presented fairly and in compliance with the generally accepted accounting principles in the United States of America.

For more information, please visit: <http://www.guamopa.org/docs/UOGfs08.pdf>

OPERATING EXPENSES (IN THOUSANDS)

Operating Expenses	FY 2008	FY 2007
Instruction	\$ 17,813	\$ 16,679
Research	\$ 9,760	\$ 8,888
Scholarships & Fellowships	\$ 9,045	\$ 8,464
Academic Support	\$ 8,698	\$ 6,828
Public Service	\$ 7,157	\$ 6,468
Operations & Plant Maint.	\$ 7,096	\$ 6,580
Institutional Support	\$ 4,283	\$ 5,453
Student Services	\$ 3,579	\$ 5,084
Auxiliary Enterprise	\$ 2,407	\$ 2,231
Total	\$ 69,838	\$ 66,675

FY 2008 Operating Expenses



- Instruction
- Research
- Scholarships & Fellowships
- Academic Support
- Public Service
- Operations & Plant Maint.
- Institutional Support
- Student Services
- Auxiliary Enterprise

WHAT'S NEXT?

FUTURE CHALLENGES



Guam's economic outlook continues to show positive signs and relative stability, reflecting the continuing military buildup, which will bring unprecedented economic and population growth to the island over the next several years. Although the housing, financial, and credit market

problems in the United States and globally have resulted in economic recession and growing unemployment, Guam's economy and general fund revenues remain buoyed by the planned investment associated with the buildup. There are concerns about the impact of global recession on tourism and the buildup's timing and funding. Tourism from the major Japanese market has fallen over 10%, yet it seems to be holding steady at that new lower level.

General fund revenues have increased over several years. Nevertheless, the threats to the government's financial condition and cash position remain much as before. The government has proposed a longer-term deficit elimination and economic recovery plan. Still, cash remains the problem.

Student enrollment in Academic Year 2008-09 marks the highest enrollment in the past seven years. This growth puts increased pressure to seek additional resources for more faculty and more support for academic operations and infrastructure. Over the last several years the University's appropriation has been flat or cut in real terms, during which time student enrollment grew significantly. Faculty numbers have remained constant for four years. The University is increasingly relying on adjuncts, as it has been difficult to recruit and retain doctoral level faculty, particularly those with high cost professional degrees, at the non-competitive salaries that can be

offered. The information technology infrastructure, the core of teaching and operations, is old and needs upgrading to enable technology-enhanced learning and distance education in order to keep graduates current in today's world (Burger & Comer, 2009).

The University's financial position remains a big challenge, as the government's carry-forward and previous structural deficits have resulted in the continuing threat of allotment holdbacks, and the likelihood of steady-state or minimal growth in appropriations for the next few years. The FY09 appropriation is \$2.1 million (7%) below what the University requested for continuing baseline operations, and 3.4% less than the FY08 appropriation. The FY09 appropriation did not include funding for growth. As a result of the cutbacks, the University community reapportioned the FY09 budget to live within the legislative appropriation and reallocate the base to support consensus-based priorities. The resultant changes will affect program capacity in several high demand areas such as the nursing program, availability of course offerings, the time it takes students to graduate, and capacity for growth and additional outreach.

As the University prepares for the WASC Educational Effectiveness Review (March-April 2009), the University has made significant progress in responding to the financial issues raised by WASC in cooperation with the Government of Guam.

- Cash position improved
- Increased University-generated revenues and enrollment
- University leaders meet regularly with the Governor and Legislature

For further news concerning the University of Guam, please visit:

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Guam Community College

Fiscal Year 2007

A Report to Our Citizens

Published May 16, 2009

Table of Contents

Background	1
Performance Indicators	2
Financial Information FY 2007	3
Future Outlook	4

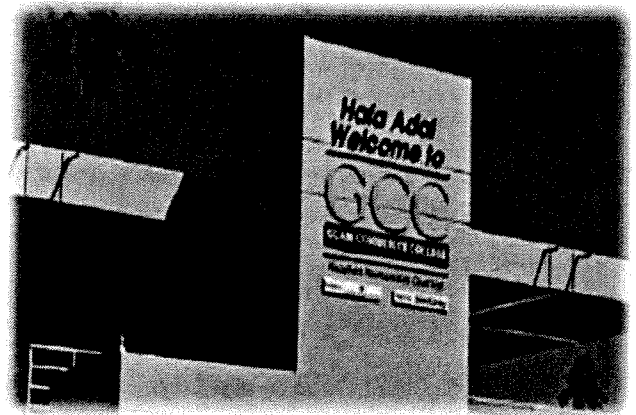
Mission Statement

The mission of Guam Community College is to be a leader in career and technical workforce development by providing the highest quality education and job training in Micronesia.

Why we exist

Guam Community College (GCC) was primarily the Guam Trade and Guam Technical High School, which began in the year 1959. Guam Trade and Guam Technical High School was developed to offer specialized training in various vocational education fields for students.

In the year 1977, Public Law 14-77 was passed to strengthen and consolidate vocational education on Guam by establishing Guam Community College. GCC absorbed both the Guam Trade and Guam Technical High School program. GCC is now a public, open access secondary and postsecondary institution located in Mangilao, Guam on a 22-acre site. The college offers secondary and postsecondary vocational programs, adult and continuing education, community education, and short-term specialized training.



Benefits to the Community

GCC continues to be a driving force in this region's economy. The goals of the college are to be financially accessible to the community and to provide a strong return on investment. As an open-door institution of higher education, GCC offers many benefits to the community:

- Students benefit from higher earnings as a result of higher education and training.
- The community benefits from social cost savings, including reduced unemployment, welfare costs, and incarcerations.
- The community benefits from a unique blend of economic opportunities and other outcomes having a strong impact on increased earnings and productivity.

Goal Initiatives

➤ **Pioneering**

This goal seeks to identify the career and technical as well as basic educational skill requirements of the workforce through periodic employers' needs assessment in order to improve the skill levels and productivity of the island's workforce.

➤ **Educational Excellence**

This goal is defined by its ability to demonstrate that student learning outcomes (SLOs) are being attained, as gauged by the institutionalized process of systematic and regularized assessment that allows programs and services to identify, analyze, and use assessment results for accountability and program improvement.

➤ **Community Interaction**

This goal aims to improve awareness of the College and increase public and fiscal support for its vision, which in the long run, is intended to reduce GCC's financial dependence on the Government of Guam.

➤ **Dedicated Planning**

This goal provides a means to measure progress towards attaining the vision of the College each year through a systematic review and evaluation, the results of which are utilized to inform decision making at the College at all levels.

Performance Indicators

GCC is a Place of Opportunity! **'Start Here' and 'Go Anywhere'**

As one of the largest community colleges in the Micronesia region, GCC was created to provide affordable and accessible educational opportunities for residents on Guam and Micronesia.

Student and Learning Focused

GCC exists because students choose to come to GCC in order to reach their personal and professional goals. GCC has established baseline techniques that measure and assess the degree to which students are meeting the specific objectives of a course or program.

Accessible

GCC is a public open-admission comprehensive community college with the primary purpose of providing accessible secondary and post-secondary education.

Affordable

Low tuition and fees along with extensive financial aid opportunities, including federal, local, and college scholarship programs, make higher education affordable for many students who choose to attend GCC.

Highly Respected

For the seventh consecutive year, GCC has been qualified

as a low-risk auditee by the Office of the Public Auditor (OPA). OPA report states that GCC's management personnel have good work ethics, and review of financial records have no questioned costs.

Responsive

GCC is responsive to the needs of the students and the community by emphasizing workforce development programs and partnerships.

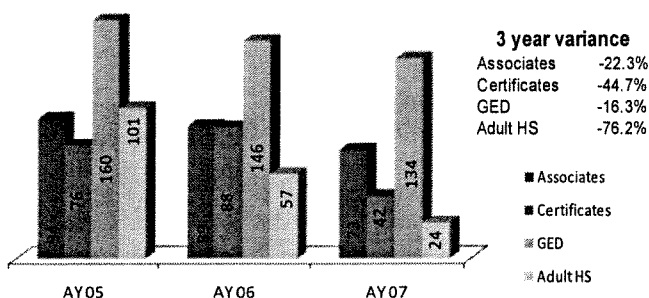
*"...our faculty, staff and administrators work diligently to create a successful future for our students."
- President M. Okada*

Fall 2007 Enrollment

Over the past academic year, GCC's Fall enrollment totaled 3,743 students. From this overall figure, 1,818 students were enrolled in post secondary courses and 1,925 were enrolled in career and technical education courses that are provided by GCC at the four public high schools within the Guam Public School System.

Post Secondary Graduate

GCC's post secondary graduate rates have dropped significantly. The Associates program, GCC's largest program, only graduated 73 students in 2007 compared to 94 students in 2005. Decreased retention rates and increased tuition and fees rates are contributing factors to the variances.



Post-Secondary Enrollment Status

	2004-05	2005-06	2006-07
Full-time	53%	40%	54%
Part-time	43%	36%	24%

Degree	Post Secondary Student Enrollment		
School Year	2005	2006	2007
Associate of Arts	159	183	195
Associate of Science	801	725	644
Certificate	197	240	145
Adult High School	193	77	49
Journey Worker Certificate	122	122	88
Criminal Justice Academy	0	14	6
Industry Certification	2	0	1
Undeclared	335	425	690
Total	1,809	1,786	1,818

Secondary High School Enrollment	FA 2005	FA 2006	FA 2007
George Washington High School	547	653	661
John F. Kennedy High School	468	533	503
Simon Sanchez High School	261	416	352
Southern High School	358	377	409
Total	1,634	1,979	1,925

Selected Demographic and Ranking Information Comparison

Colleges in the Pacific:	College of the Micronesia FSM	College of the Marshall Islands	Guam Community College	Hawaii Community College
Ranking	Insufficient data	2,714	1,811	2,093
Total Cost to Attend (tuition & fees, books, room & board, etc)	\$9,641	\$7,988	\$3,226	\$2,491
Student to Faculty Ratio	17 : 1	13 : 1	6 : 1	15 : 1
Retention rate (full time : part time)	55% : 45%	17% : N/A	54% : 24%	53% : 29%

The ranking system is based on statistical data provided by government sources. Rankings are based on different measures including factors such as student retention, faculty salary, and student / faculty ratio. The colleges are ranked against different universities and colleges across the nation.

Financial Information

Increase in Revenues

Revenues increased from \$22.1 million in FY 2006 to \$23.8 million, or \$1.7 million more in FY 2007. This increase was mainly attributed to GCC receiving more in appropriations from the government of Guam (\$14.1 million in 2007 compared to \$11.1 million in FY 2006), student tuition and fees (\$3.1 million compared to \$2.8 million), and federal grants and contracts (\$6.4 million compared to \$5.8 million). A decline in revenues was seen in government of Guam grants and contracts (\$485,000 compared to \$1.3 million), contracted educational services (\$595,000 compared to \$1.3 million), and other revenues (\$417,000 compared to \$1.2 million).

Revenues

	FY 2005	FY 2006	FY 2007
Tuition and Fees	\$ 2,678,080	\$ 2,764,582	\$ 3,105,694
Less: Scholarship discounts and allowances	\$ (1,202,799)	\$ (1,612,933)	\$ (1,943,825)
Federal Grant & Contracts	\$ 5,121,974	\$ 5,784,799	\$ 6,372,562
Government of Guam grants and contracts	\$ 434,675	\$ 1,311,007	\$ 485,458
Contracted educational services	\$ 1,211,545	\$ 1,253,697	\$ 595,279
Auxiliary enterprises	\$ 713,483	\$ 604,369	\$ 610,270
Other Revenues	\$ 534,052	\$ 1,168,742	\$ 416,503
Less uncollectible revenues	\$ (158,297)	\$ (330,000)	\$ (290)
Nonoperating Rev. (GovGuam Appr.)	\$ 12,866,283	\$ 11,144,198	\$ 14,142,196
Total	\$ 22,198,996	\$ 22,088,461	\$ 23,783,847

Source: GCC 2006-2007 Annual Report; GCC 2007-2008 Annual Report

Expenditures

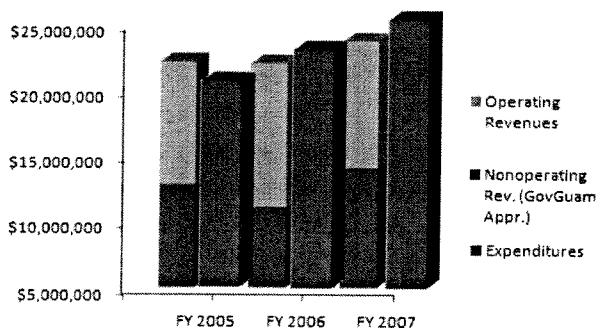
	FY 2005	FY 2006	FY 2007
Instruction	\$ 7,468,774	\$ 7,598,361	\$ 8,266,302
Institutional support	\$ 3,097,461	\$ 3,461,060	\$ 5,740,567
Scholarships and fellowships	\$ 2,819,813	\$ 2,902,298	\$ 2,973,429
Operations and maintenance of plant	\$ 1,467,622	\$ 2,374,214	\$ 1,716,858
Student services	\$ 2,236,165	\$ 3,072,433	\$ 2,880,857
Academic support	\$ 1,784,301	\$ 1,376,854	\$ 1,296,771
Depreciation	\$ 754,615	\$ 800,153	\$ 938,341
Planning	\$ 234,903	\$ 612,973	\$ 957,201
Auxiliary enterprises	\$ 432,711	\$ 571,665	\$ 608,686
Total	\$ 20,296,365	\$ 22,770,011	\$ 25,379,012

Source: GCC 2006-2007 Annual Report; GCC 2007-2008 Annual Report

Increase in Expenditures

Total expenses increased by \$2.6 million, going from \$22.7 million in 2006 to \$25.3 million in 2007. The increase in expenses came from institutional support (\$5.7 million versus \$3.4 million in 2006), instruction (\$8.3 million versus \$7.6 million), planning (\$957,000 versus \$613,000), and depreciation (\$938,000 versus \$800,000). The increase in institutional support was mainly due to contract services relating to the implementation of the college's Integrated Data Base System (IDBS), including training, consultant work, licensing, and system maintenance support. At the end of FY 2007, there were 212 employees at GCC, with 11 being paid with federal funds. Total salaries and wages increased \$588,000, going from \$13 million in FY 2006 to \$13.6 million. These increases do not correspond with the decrease in student enrollment.

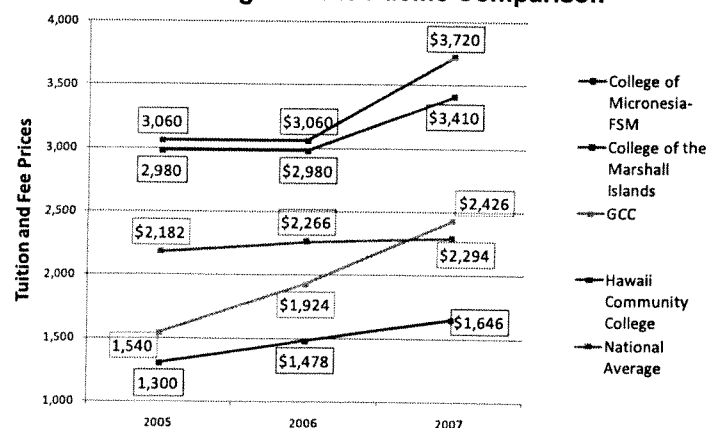
Revenues vs. Expenditures



FY 2007 Grants

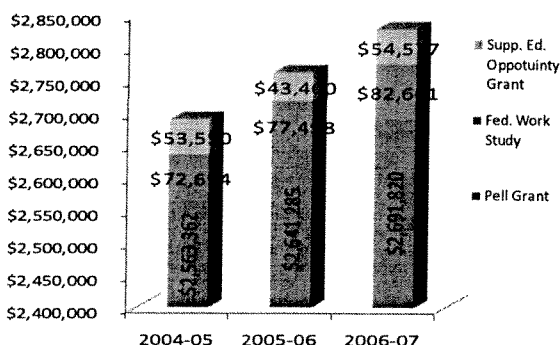
Grantor Agency	Federal Project Title	Amount
U.S. DOE	Adult Basic Education	\$ 479,719
U.S. DOE	Supplemental Education Opportunity Grant	\$ 56,747
U.S. DOE	Higher Education Institution Aid	\$ 176,500
U.S. DOE	Federal Work Study Program	\$ 75,030
U.S. DOE	TRIO Student Support Services Program	\$ 231,019
U.S. DOE	Vocational Education Basic Grant	\$ 381,156
U.S. DOE	Federal Pell Grant Program	\$ 2,705,128
U.S. DOE	Vocational Education-OEIS Grant	\$ 20,342
U.S. DOE	Talent Search	\$ 173,231
U.S. DOE	Academic Competitive Grants	\$ 3,750
GPSS	GPSS Consolidated Grants	\$ 242,849
GovGuam	ES&P Development of the Territories	\$ 184,824
GovGuam	Hazard Mitigation Grant	\$ 126,113
Total		\$ 4,856,408

Colleges in the Pacific Comparison



*Figures are based on In-state annual tuition and fees provided by IES National Center for Educational Statistics : www.nces.ed.gov

Financial Aid Awarded

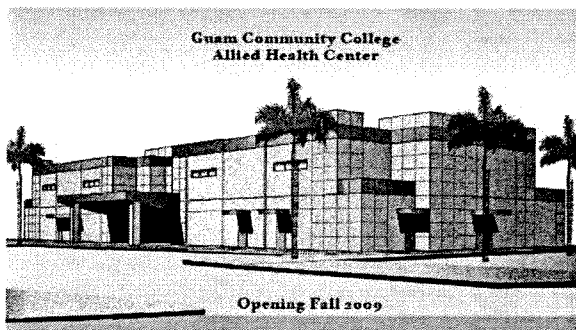


Future Outlook

The Guam Community College (GCC) is preparing for what may be the largest and most dynamic period of economic growth and social change in Guam's recent history. The United States military is planning to invest \$15 billion to upgrade and expand its facilities on the island. The island's population is expected to permanently increase by at least 20% or some 30,000 people, not including expected immigrants from the Freely Associated States of Micronesia, the Commonwealth of the Northern Marianas and the estimated 15,000 temporary H-2 workers that will be brought to Guam during the build-up. The planned construction for defense installations, housing, and infrastructure, as well as the maintenance and operations of these facilities for the long term, will create an unprecedented need for skilled and certified trade workers. The anticipated need for workers will be so large that the U.S. Congress has lifted restrictions on the number of H-2 visa laborers which can be brought to Guam and the region to meet the need for skilled labor during the period of the buildup. GCC is mandated by Public Law 14-77 to lead the Territory's initiative to train and prepare Guam's workforce to participate in the growth of Guam's economy. As Guam's most capable adult and technical education resource, GCC has been prepared to guide GCC in fulfilling the community's need for technical and adult education training for the next five years. The following are three major construction projects GCC are currently working on:

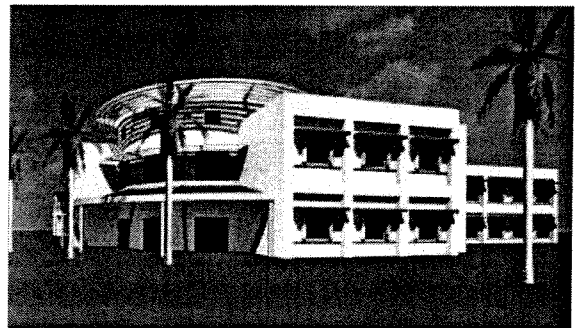
Allied Health Center

The Allied Health Center is the most recent project that is awaiting its opening in Fall 2009. It consists of a 25,000 square foot all concrete building to house classrooms and laboratories for the Allied Health program and Science Department. The date of completion will be on August 4, 2009 and the project budget is \$3,778,550.



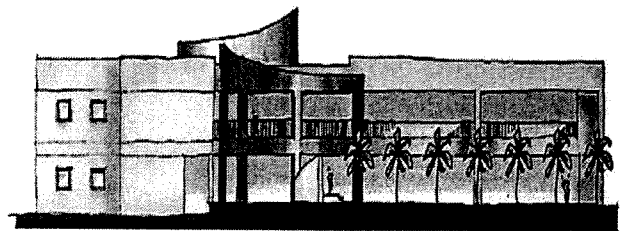
Learning Resource Center Expansion

The Learning Resource Center is a project that GCC is trying to initiate. This project calls for building an all concrete extension for the Foundation Building to relocate the current Library to the ground floor. Other uses for this building are yet to be determined. The project Budget is \$343,800 for Architectural & Engineering Services.



Student Center

The Student Center is another project that has yet begun. This Student Center will be used to centralize the services provided by the college, such as admissions and registration, student ID, bookstore, security and many more. The design of the Student Center is ongoing and calls for the construction of an all concrete building consisting of approximately 22,000 square feet. The total projected construction cost is \$4,313,880.



Challenges

The most important problem facing college admissions today is tuition and financial aid. Tuition and fee rates have increased dramatically over the past three years for colleges in the Pacific and nationwide. Based on a nationwide analysis, federal expenditures on Pell Grants rose 176% in constant dollars from 1977-78 to 2007-08, but the average Pell Grant per recipient increased by just 2% because of the large increase in the number of recipients. Because student aid and family income have not kept up with rising postsecondary prices, college is becoming less affordable and accessible, especially for low- and middle-income families. Total student enrollment population for Spring, Summer, and Fall semesters dropped from 4,075 in 2006 to 3,922 in 2007. Shrinking government revenues and increased competition from private sector providers affects GCC's ability to maintain its leadership role in the creation and implementation of workforce development programs. GCC received full accreditation by the Accrediting Commission for Community and Junior Colleges (ACCJC) for the years 2006 to 2012, but recent changes to WASC accreditation requirements require a systemic change in how GCC evaluates and monitors its progress. The linking of student learning outcomes to program and institutional effectiveness is a critical accomplishment, which must be met in the near term.

Images and information was provided by GCC's Annual Report and Fact Book and from: www.guamcc.edu

Oregon State Controller's Division Report to Our Citizens

Contents

Overview	1
Performance	2
Budget	3
Future Direction	4

Citizen Centric Mission: To improve the quality of life for all Oregonians by making government work better.

Overview

The Oregon State Controllers Division (SCD) provides services to the State of Oregon in the areas of accounting, systems, payroll, financial reporting, and internal control. Our Division manages the systems that produce payroll checks for state employees, makes vendor payments, and accumulates the financial data to prepare annual financial statements. We set accounting policies for the state, coordinate federal reporting, support accounts receivable management, internal controls, and e-commerce. Due to legislative service reductions, the e-commerce program has been eliminated from SCD as of the end of FY09. We also provide accounting and budget services to small state agencies.

Purpose

Our purpose is to serve the people of Oregon by:

- Providing continuous improvement of financial, technical support, and services to our customers and public stakeholders.
- Fulfilling assigned operational and oversight responsibilities with the highest possible degree of excellence, efficiency, and effectiveness.
- Contributing to the protection of the public's trust and promoting the public's interest.
- Enhancing effective public-policy decisions at all levels of government.

Programs & Services

Our statewide programs and services are:

- **Statewide Accounting & Reporting Services (SARS)** This group compiles the state's financial statement from all agencies which is reported to the federal government.
- **Statewide Financial Management Services (SFMS)** staff manage the state financial accounting system by providing operational control, improvements to system functionality and efficiencies, system policies, training, and support for approximately 1,700 accounting and purchasing system users. The systems feature a general ledger, accounts payable and receivable, and fiscal reporting.
- **Statewide Financial Services (SFS)** This group provides services to agencies for statewide accounts receivable management, financial, technical and service support for the statewide E-Commerce application and statewide internal controls. The SFS section operated as a part of SCD through the end of FY09. However, due to legislative service reductions the e-commerce program was eliminated from SCD and the remaining programs have been combined within the Administration section for FY10.
- **Oregon Statewide Payroll Services (OSPS)** staff manage the centralized payroll system for state agencies to pay the approximately 36,000 employees. The OSPS team ensures that the payroll system is functional according to federal and state payroll tax laws, forty-two collective bargaining agreements, the PEBB and other payroll related regulations.
- **Shared Client Services (SCS)** staff provide daily accounts payable, accounts receivable, budgeting documents and reports, receipts and disbursement services for selected small state agencies and the Governor's Office.

Employee Demographics

SCD has 48 employees who serve about 85 state agencies. These SCD employees have earned a wide range of degrees and certifications and are members of numerous professional organizations. SCD employees are valued for their years of service, education, certifications, and active professional associations.

Degrees	
Master's Degree	6
Bachelor's Degree	23
Associate's Degree	6
Total	35

Certifications	
Certified Government Financial Manager (CGFM)	1
Certified Public Accountant (CPA)	6
Certified Fraud Examiner	1
Other Professional Certifications	6
Total	14

SCD Performance FY 09

SCD Operating Statistics

Annual vendor transactions/payments	600,000
Annual payroll transactions/payments	600,000
Annual W2 s prepared	44,500
Federal reports filed (1099-MISC reports)	6,500
Number of small agencies served	28
Annual state payroll paid	\$2.8 Billion
Program-to-date credit card rebates	\$492,000 in state revenues
Number of entities reported in FY08 CAFR	91
Total statewide accounts receivable under management	\$2 Billion
Total internal control related training hours provided	1,333 student hours

Accomplishments

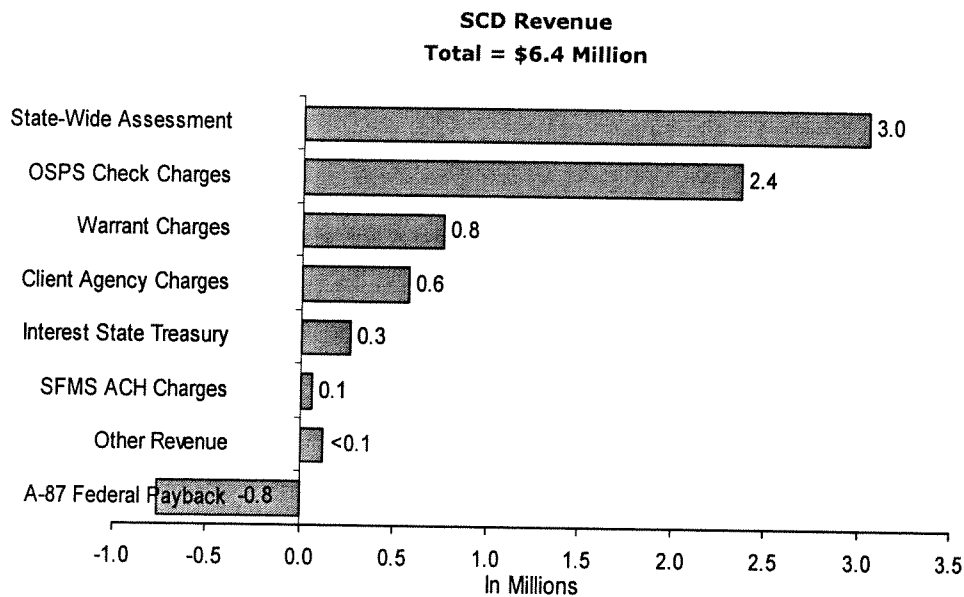
- Compiled the State of Oregon Comprehensive Annual Financial Report (CAFR). (SARS)
- Modified financial system processes and purged unnecessary information to reduce costs and increase efficiency. (SFMS)
- Established monthly fraud awareness newsletter that is published and distributed locally and nationally. (SFS)
- Provided various accounting system training labs which included multiple training modules and 1,649 student hours. (SFMS)
- Made several customer-suggested improvements to the payroll system and seven system enhancements to the accounting system including the SFMA facelift. (OSPS and SFMS)
- Tightened financial systems access to reduce visibility of sensitive information. (SFMS)
- Developed Hyperion training manuals and conducted several training sessions. Established and facilitated quarterly Datamart User Group meetings. (SARS)
- Created and published secured access policy and procedure as well as new recommended payroll practice for the review of bargaining agreements. (OSPS)
- Worked with 28 Client Agencies to ensure all received the annual Gold Star certificate awarded for providing accurate and complete fiscal year-end information in a timely manner. (SCS)
- Assisted up to 60 agencies aligning their accounting program structure with their budget structure. (SFMS)
- Converted paper reports to PDF format, all centrally-used payroll reports are now paperless. (OSPS)
- SCD offered numerous training classes to state employees to help maintain and implement current accounting procedures statewide, a total of 4,398 student hours were provided. (SFS, SARS, SCS, OSPS, SFMS)

Performance Measure Highlights

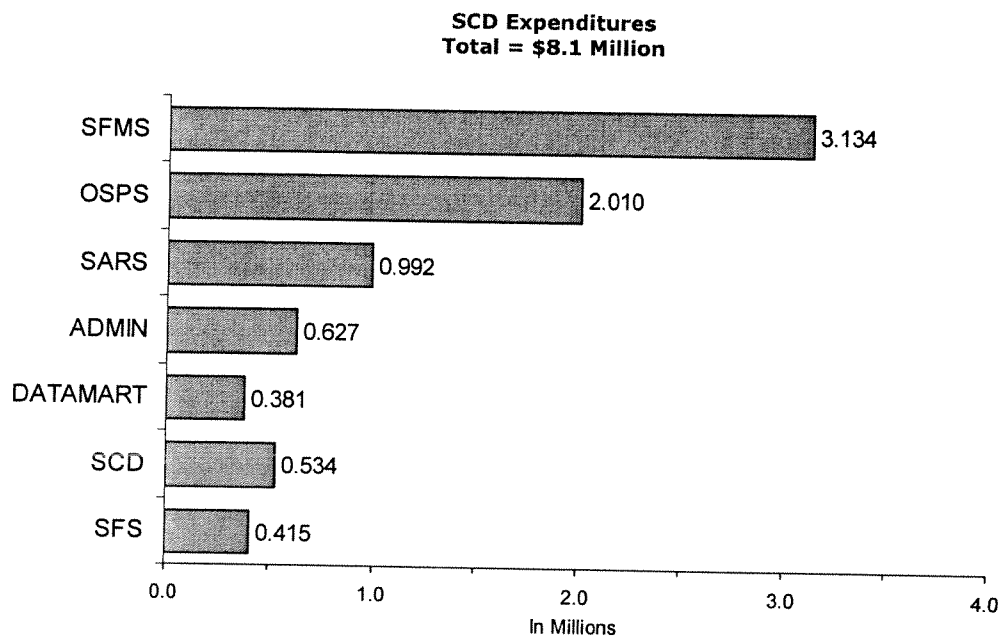
- 87% of SCD customers rated SCD services as good or excellent in the DAS Customer Survey.
- 76% of SCD employees rated SCD overall as good or excellent in the DAS Employee Survey.
- Costs to produce state payroll checks were reduced to \$3.84 per check. (OSPS PM)
- SCD received a clean Audit Opinion on the State's 2008 CAFR.
- SCD received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the state's 2008 CAFR—the 17th year in a row.
- 97% of agencies earned Gold Star Certificates for producing their accounting reports accurately and on time to complete the 2008 CAFR.
- 93% of federal reporting deadlines were met by agencies and by SARS.
- 88 inbound interfaces are currently populating production files in the statewide accounting system.
- Finalized 120 changes to the statewide financial system during FY09.
- The dollar collection rate on liquidated and delinquent accounts was 13.53% during FY09.

SCD Budget Fiscal Year 2009

Source of Funds FY 09



Expense of Funds FY 09



Additional information is available on our website in the
SCD Recap of Expenditures for FY09

Information provided by DAS Operations as of December 8, 2009 (unaudited)

SCD Future Directions

Responding to Challenging and Changing Fiscal Conditions

Last year we wrote to you that “we anticipate a challenging economic environment in the near term due to unprecedented market, credit, and banking conditions.” We were not surprised at the fiscal impacts to both state agencies and our Division. Budget reductions to date have resulted in a weakening of core services. Economic pressures will likely result in further weakening and in some cases reductions in core SCD services.

Stretching Investment Gains in Older Systems

Older technology systems offer the state tremendous value in reliability, unit cost advantages, system stabilities, and employee productivity. At the same time, they present challenges in the maintenance of older systems and using out-dated technology. Our challenge here is to balance the advantages and disadvantages in ways that produce business requirements low in cost both in the short term and over the long run. Avoiding maintenance investment in the short run will accelerate the need for long run cost increases in the future.

Supporting New State and Federal Initiatives and Accounting Standards

When legislation or new accounting standards are implemented that affect SCD’s business programs, SCD must provide additional fiscal, IT, and support services to comply with these new statutes and standards. In FY 10 the SCD is preparing for new federal withholding for vendor payments, implementing changes to bargaining agreements, and implementing several new financial reporting standards issued by the Governmental Accounting Standards Board.

Managing Day to Day Operations

Managing change while continuing day-to-day work responsibilities is becoming an increasingly difficult challenge. New requirements imposed by legislative actions, new Department of Administrative Services initiatives; furloughs, cutbacks, layoffs, and new management and data requirements needed to respond to a changing economic environment are no doubt having an effect on staff. The SCD continues to maintain a focus on our highest priorities including effective business planning and control, fiduciary obligations, data integrity, and customer service.

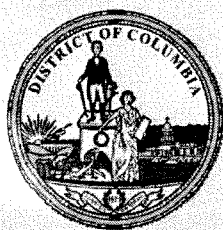
Capacity and Human Capital

The current fiscal crisis has refocused extraordinary attention to the short term fiscal needs of society and the government. Delayed investments and maintenance in administrative infrastructure and personnel reductions taken in the areas of accounting, payroll, and financial management over the long term erode organizational capacity to efficiently and effectively respond to change. These reductions, coupled with anticipated demographic changes over the next 5 to 7 years may increase operational risks.



For more information about the State Controller's Division, visit our website at:
<http://oregon.gov/DAS/SCD/index.shtml>

State Controller's Division
155 Cottage Street NE, U50
Salem, OR 97301



Fiscal Year 2008

Washington, the District of Columbia

A Report to Our Citizens

Table of Contents

How We Have Progressed	2
The City's Budget	3
What's Next?	4

D.C.'s Vision

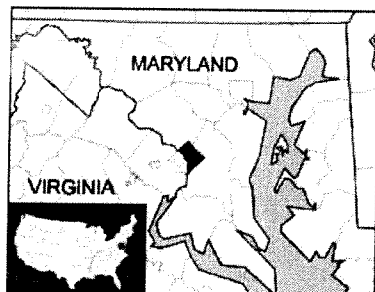
D.C. continues its quest to become a world-class city by focusing on (1) Education; (2) Public Safety; (3) Healthcare; (4) Human Services; (5) Infrastructure & Environment; and (6) Economic Development & Affordable Housing to better the life of our citizens.

Characteristics of Washington, D.C.

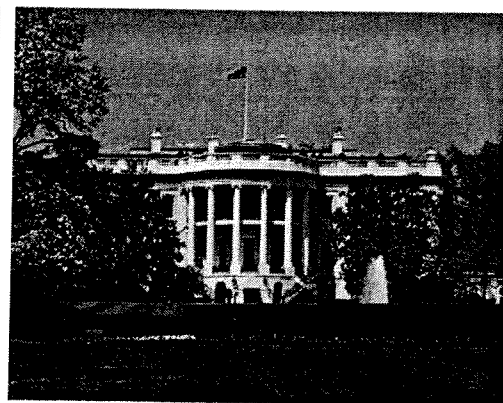
Founded in 1790, Washington, D.C. is the capital city of the United States of America. "D.C." is an abbreviation for the District of Columbia, the federal district coextensive with the city of Washington. The city has a total area of 68.3 square miles and is surrounded by the states of Maryland (on its southeast, northeast, and northwest sides) and Virginia (on its southwest side). Washington, D.C. is the site of numerous national landmarks, monuments and museums, and is a popular destination for tourists.

How the City Operates

The city is run by an elected Mayor and DC Council. The DC Council is composed of thirteen members: one elected from each of the eight wards and five members, including the chairman, elected at large. Although there is a municipal government and a Mayor, the United States Constitution gives Congress direct jurisdiction over Washington, D.C., which results in citizens having less self-governance than residents of other states.



*Location of Washington, D.C.
(shown in red)
in relation to the states of Maryland
& Virginia*



Selected Demographic Information

	2007	2008
Population	587,868	591,833
Unemployment Rate	5.8%	6.3%
# of Full Time City Employees	27,831	28,531
Public School Students	52,945	46,208



Adrian M. Fenty
Mayor

Natwar M. Gandhi
Chief Financial Officer

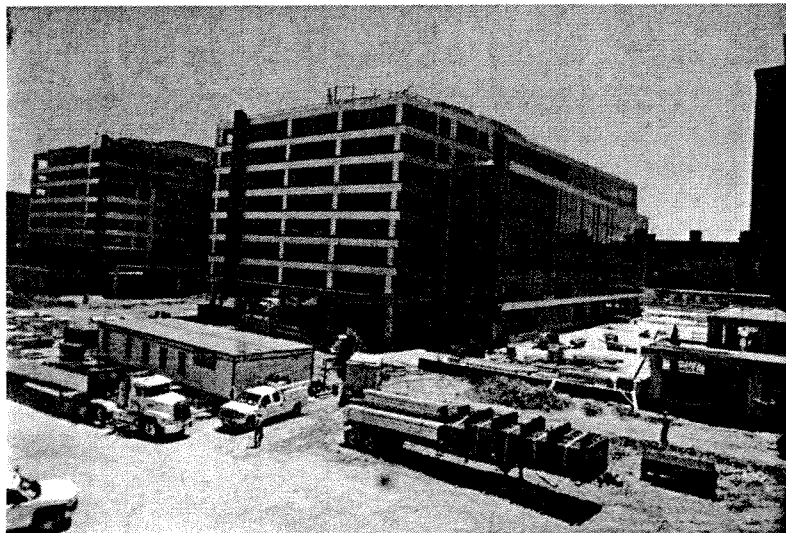
How We Have Progressed

Progress in Fiscal Year 2008

D.C.'s Economy

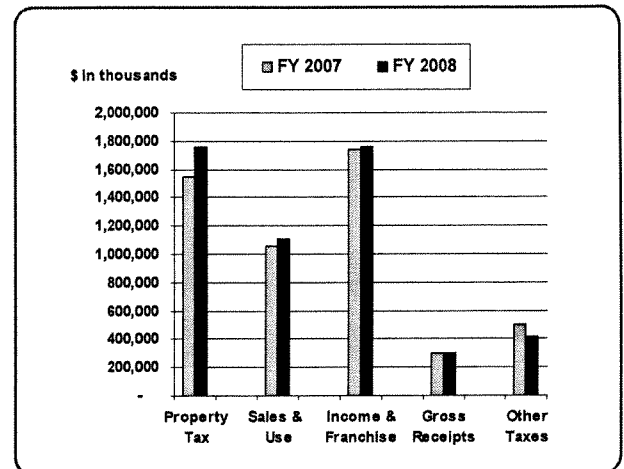
The national recession, now having lasted over a year, shows little sign of recovery. In some ways Washington, D.C.'s economy is doing better than the nation as a whole.

- Sales and use taxes collected were \$1.1 billion, a 5% increase over the \$1.06 billion collected in 2007.
- Property taxes collected were \$1.8 billion, a 20% increase over the \$1.5 billion collected in 2007.
- Total taxable property value was \$143.0 billion, a 14% increase over 2007.
- Hotel occupancy has remained level at 75% from 2007 to 2008.
- Unfortunately, the real property market continued to change in FY 2008:
 - Sales of single family houses declined by 15.6 %, the 4th year in a row of declining total sales.
 - Condominium sales decreased by 27.4%.
 - The amount of commercial office space increased by only 1% compared to 4% in 2007.
 - The vacancy rate increased from 5.8% in 2007 to 6.6% in 2008.
- Economic development in D.C. remains positive and well balanced. Construction is prevalent in each sector of the city.



Construction of the new Southwest Waterfront

A 2.5 million square feet office complex which will consolidate various D.C. Government Agencies and include retail, residential, office, and new public space.



Bond Rating History Last Five Fiscal Years

	2004	2005	2006	2007	2008
S&P	A	A+	A+	A+	A+
Moody's	A2	A2	A2	A1	A1
Fitch	A-	A	A	A+	A+

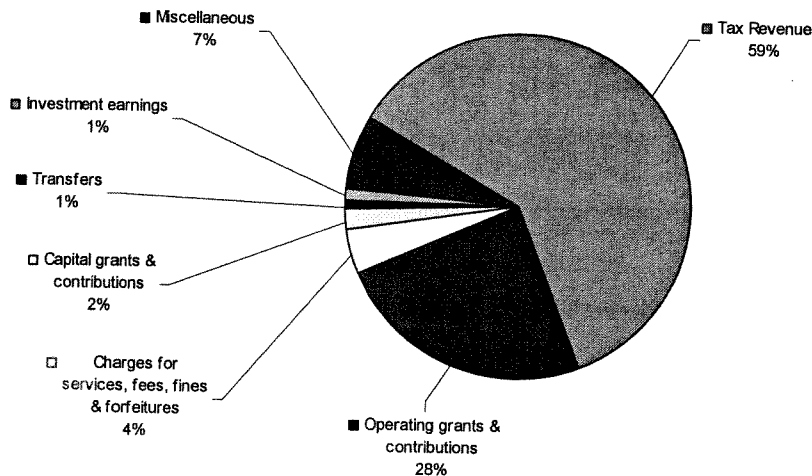
In FY 2008, D.C.'s bond ratings remained stable at: **A+** by Standard & Poor's; **A1** by Moody's; and **A+** by Fitch. These ratings are the highest ratings in the city's history and are representative of the improved and strong financial standing of D.C. The improved bond ratings allow D.C. to either refinance outstanding debt, or to issue new debt, at more favorable rates. Lower interest rates translate into lower debt service payments, resulting in a greater percentage of D.C.'s budget being available for the services and operations needed for its citizens.

The City's Budget

Revenues & Expenses

Primary Government Sources of Revenue

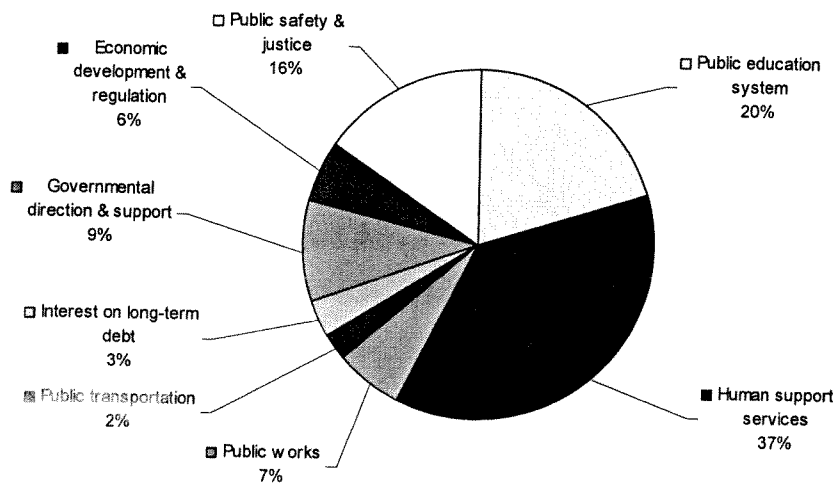
Revenue by Source FY 2008
(\$ in millions)



Revenue by Source (\$ in millions)	FY 2007	FY 2008
Tax revenue	5,139.5	5,361.5
Operating grants & contributions	2,309.5	2,178.3
Charges for services, fees, fines & forfeitures	335.0	379.1
Capital grants & contributions	130.6	175.8
Transfers	65.4	70.3
Investment earnings	124.4	95.8
Miscellaneous	447.6	612.0
Total Revenues:	8,552.0	8,872.8

Primary Government Functional Expenses

Expenses by Function FY 2008
(\$ in millions)



Expenses by Functions (\$ in millions)	FY 2007	FY 2008
Governmental direction & support	787.4	834.6
Economic development & regulation	509.9	499.6
Public safety & justice	1,264.7	1,384.5
Public education system	1,589.7	1,787.6
Human support services	2,992.8	3,285.3
Public works	481.7	586.6
Public transportation	198.5	214.9
Interest on long-term debt	281.9	293.3
Total Expenses:	8,106.6	8,886.4

An independent audit was conducted, resulting in a clean audit opinion.
Complete financial information is available at our website: www.cfo.dc.gov

What's Next?

Future Challenges & Economic Outlook

Outlook for 2009

Like most places in the United States, D.C. is being adversely affected by the national recession that started in December 2007. One measure of this is the rise in unemployment among District residents. D.C.'s economy, however, has much strength to help mitigate the impact of severe economic downturns.

- D.C., as a place to live, is increasingly desirable because of a relatively strong job market compared to other jurisdictions.
- Employment declines have been slower in D.C. than in the nation as a whole due to the major service sectors of D.C.'s economy (professional, health, education, and other services).
- D.C. is investing significantly to increase its housing stock.
- Federal government expenditures add stability to D.C.'s economy.
- Investments in economic development are attracting new retail establishments and influencing the development of "nightlife" in the downtown area.

"Getting the Job Done"

The District's Fiscal Year 2009 Proposed Budget & Financial Plan

This \$8.6 billion spending plan, including \$6.5 billion in General Fund resources, is the District of Columbia's thirteenth consecutive balanced budget. The budget remains balanced despite the fact that revenue growth has slowed considerably as a result of the increasing weaknesses in the national economy. This budget will strengthen critical services in the areas of education, public safety, healthcare and human services, infrastructure and the environment, economic development and affordable housing, and government operations and financing. To view the entire proposed financial plan, you may visit the *Mayor's Office* at www.dc.gov.

Education – Improving public education is the District's highest priority. The budget for the District of Columbia Public Schools (DCPS) focuses resources on the classroom, with a comprehensive staffing model for every school.

Infrastructure & Environment – The budget invests in infrastructure maintenance and improvements while also recognizing the importance of our environment, parks, and recreation facilities.

Public Safety – A safer city requires investing in personnel and technology. The budget includes salaries, benefits and equipment funding for the Metropolitan Police Department which will put more officers on the street.

Affordable Housing & Economic Development – The budget will preserve and expand affordable housing initiatives, despite the downturn in the regional housing market. We anticipate 500 more residents will achieve their dreams of owning a home in FY 2009 due to an infusion of \$19 million in local funds.

Healthcare & Human Services – The Department of Health plans new investments to combat HIV/AIDS, childhood obesity, substance abuse and diabetes. Our Child & Family Services Agency plans to spend \$4.5 million on kinship care, to help eligible relatives meet the needs of children for whom they provide – while keeping them out of the foster care system.

Government Operations & Finances – This budget includes a number of improvements in the way the District Government will operate in FY 2009. There are plans for dramatic cuts in the amount of paper documents used, reducing our impact on the environment.

AGA - Advancing Government Accountability

This report stems from the Association of Government Accountants' (AGA) initiative to encourage governments to provide meaningful and understandable information about the financial condition of the government to its citizens. You may visit AGA on the web at: www.agacym.org. This document is prepared by the Office of the Chief Financial Officer. Your suggestions for improvements would be welcomed. Please contact Bill Slack, Deputy Controller, at 202-442-8303.

I MINA' TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Regular Session

Bill No. 263-30 (Cov)

Introduced by:

J.P. GUTHERTZ, DPA
R.J. RESPICIO
J.T. WON PAT

2009 OCT 16 PM 4:46

W

**AN ACT RELATIVE TO ADOPTING THE ASSOCIATION
OF GOVERNMENT ACCOUNTANTS' "CITIZEN-
CENTRIC REPORT" INITIATIVE.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan*

3 *Guåhan* finds that the foundation of democracy is based on governments
4 being answerable to their citizenry and, as such, having a responsibility to
5 provide information regarding government operations, most notably in
6 regards to how taxpayer dollars are spent.

7 *I Liheslatura* further finds that governments should provide such
8 information in an easily understandable and accessible manner. Financial
9 reports are often too lengthy and too technical for the average person to
10 understand and even more so, when discussing the enormous amounts of
11 money spent by various governments each year.

12 Studies by the Association of Government Accountants ("AGA"), on
13 the effectiveness of government fiscal reporting, have shown that taxpayers

1 feel they are entitled to transparent financial management information, and
2 that their governments have an obligation to provide such information.
3 Unfortunately, surveyed citizens also feel that their governments are failing
4 to meet their reporting needs, and that poor performance has created a
5 problem of trust between citizens and their government.

6 Governments need new and innovative means of communicating to
7 overcome these challenges and the AGA “Citizen-Centric Report” initiative
8 is designed to help remedy this.

9 Therefore, it is the intent of *I Liheslaturan Guåhan* to adopt this
10 initiative as an attempt to ensure that our government provides more readily
11 available and understandable financial data to the people of Guam.

12 **Section 2. The “Citizens-Centric Report.”**

13 (a) *Timeline for submission.* No later than thirty (30) working days
14 after the independent audit report has been released for a government entity
15 by the Office of Public Accountability for each fiscal year, every director,
16 administrator, president or head of a government of Guam agency, including
17 line agencies, autonomous and semi-autonomous agencies, public
18 corporations, the Guam Mayor’s Council, the Courts of the Judiciary of
19 Guam and the *I Liheslaturan Guåhan*, shall submit to the Public Auditor of
20 Guam and the Speaker of *I Liheslaturan Guåhan*, in electronic format (via

1 Compact Discs (CDs) or a .pdf e-mail attachment), a “Citizen-Centric
2 Report.” The same *shall* be posted on the entity’s website.

3 (b) *Content Guidelines.* Said report *shall* be in the following format,
4 as proffered by the Association of Government Accountants (“AGA”):

5 Page one (1) of the “Citizen-Centric Report” *shall* include a brief
6 table of contents and *shall* contain information about the entity, including
7 but not limited to, the entity’s vision statement, strategic goals, operational
8 structure, and demographics.

9 Page two (2) of the “Citizen-Centric Report” *shall* reflect a
10 performance report based on a summary of the entity’s key missions and/or
11 services and possible outcome measures.

12 Page three (3) of the “Citizen-Centric Report” *shall* provide a clear
13 snapshot of financial data as it relates to the performance report presented in
14 page two (2). This portion of the report should address the entity’s cost for
15 services provided and by what means those costs were covered.

16 Page four (4) of the “Citizen-Centric Report” *shall* present the entity’s
17 forecast of future challenges and economic outlook.

18 Miscellaneous information, including but not limited to, information
19 sources, entity contact information, and feedback options, may be included
20 in sections throughout the report.

1 Additional details regarding the content guidelines for the compilation
2 of a “Citizen-Centric Report” can be found in Appedix “A,” attached herein.

3 (c) *Design Guidelines.* The design of a “Citizen-Centric Report” is
4 just as important as the content. A report will only be effective if it is read
5 and referenced; thus, it should be visually appealing. The “AGA,” the
6 birthplace of the “Citizen-Centric Report” initiative, has created guidelines
7 for the design of “Citizen-Centric Reports,” to include suggestions for
8 design considerations of *visual appeal and readability, physical layout,*
9 *colors, images and graphics,* and *type and fonts.* The AGA also provides
10 suggestions for publishing software and report distribution.

11 Additional details regarding the design guidelines for the compilation
12 of a “Citizen-Centric Report” can be found in Appedix “B,” attached herein.

13 **Section 3. Effective Date.** This act shall be effective on the date
14 the fiscal year 2009 independent audit reports are released for each
15 government agency or entity.

16 **Section 4. Codification of Provision.** The Compiler of Laws
17 shall incorporate the provisions contained in the aforementioned sections
18 into the appropriate sections of Guam Code Annotated.

Content Guidelines for the Citizen-Centric Report

Page 1: Information About the Community

What are we chartered (required) to do ?

- Vision Statement
- Strategic Goals
- How the Entity is Organized/ Operates
- Demographics (per capita income, unemployment rates, number of government workers, people—
- coming & going, firms— coming and going
- Include a brief Table of Contents on Page 1 so readers can see what is included on subsequent pages.

Note

All information presented should be done on a per capita basis. This will be more meaningful to each individual citizen.

Page 2: How Are We Doing—A Performance Report on Key Missions and Service

Governments are encouraged to obtain input from citizens on what measures they would like to see included in advance of producing this report. Report on nonfinancial outcomes (not inputs or outputs) for three or four of the government's key missions or services of most relevance to citizens. This should include comparisons to past years' outcomes, to articulated targets, where applicable, and to similar jurisdictions where possible. Missions and services and their associated outcome measures might include some of the following:

Mission or Service	Possible Outcome Measures
Public safety	<ul style="list-style-type: none"> • Crimes committed per 100,000 • Percentage of crimes cleared, fire-related deaths, fire related property loss
Schools	<ul style="list-style-type: none"> • Fraction of students performing at grade level on standardized test, high school graduation rate
Public health	<ul style="list-style-type: none"> • Mortality rate • Morbidity rate
Roads	<ul style="list-style-type: none"> • Percentage of road miles rated acceptably smooth • Percentage of streets rated acceptably clean
Parks and recreation	<ul style="list-style-type: none"> • Usage rate • Customer satisfaction
Solid waste collection	<ul style="list-style-type: none"> • Percentage of scheduled collections missed • Customer satisfaction

Include similar statements:

The measures reported on this page were included based on the input we received from a group of citizens from the community. What would you like to see reported on in this page? Please let us know by contacting XXX (name, phone and e-mail listed). Complete performance measurement information can be found on our website at www.xyz.gov.

Page 3: What are the costs for servicing the citizens and how were those costs paid for?

Include revenue and cost data for major areas— marry this information with performance measures on second page (such as how many students were educated and how much it cost per capita)

- Use bar and pie charts to display cost and revenue data and compare to prior years whenever possible

Include similar statements:

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found on our website at www.xyz.gov.

Page 4: What's Next? Future Challenges and Economic Outlook

- Include items specific to community that will have future effects (such as tax cuts or increases, closing of a major manufacturing facility, major new employer moving to area, etc.)
- Infrastructure Items

Include similar statements:

We want to hear from you. Do you like this report? Do you believe it should include any other information? Please let us know by contacting XXX (name, phone and e-mail listed). Reference a website for complete information.

AGA—Advancing Government Accountability

AGA's initiative to encourage governments to provide meaningful and understandable information about the financial condition and performance of the government to its citizens has culminated in a four page citizen centric report. Such a report would ultimately answer the question, "Are we better off today than we were last year?"

This template lays out what should be included on each of the four pages. Governments are encouraged to produce such a report to show accountability to its citizens. Make use of the Design Guidelines document for guidance on design, readability and distribution of your report.

Contact Susan Fritzlen at sfritzlen@agacgm.org and/or 800.AGA.7211 with any questions.

Visit AGA on the web at www.agacgm.org.



Design Guidelines for the Citizen-Centric Report

Visual Appeal & Readability

The physical design and the way in which the report is written is just as important as the information that it contains. If the report does not look visually appealing, then no one will read it. Be sure to include pictures from your community and charts and graphs wherever possible (**TIP:** don't include pictures of buildings, instead use landscapes and people). Include the organization's seal/logo on the front page.

Another important item is to make sure the report avoids accounting terms and other technical language. Refrain from using acronyms. Remember, this report needs to be understood by average citizens, most of whom do not have a degree in accounting! Also, don't try to cover every inch of each page with information. Instead, leave some areas empty (referred to as white space) as this helps to emphasize more critical information.

Physical Layout

For ease in relaying information to the reader, a consistent column grid should be used. Aligning objects such as charts, text boxes, images and graphics to the edges of a column in the grid allows for clear page organization and easy-to-read data. Each page should have the same margin width, same number of columns and a header or footer that is consistent throughout the report to keep it cohesive. White space should not be "trapped" in between two or more elements, but, if used, should be kept to the outer edges of the main content.

Colors

The report should use a limited color palette, ideally no more than two or three unique colors. Lighter shades of the same color can be used to add variation without distracting the reader from finding the core text and data provided. For similar reasons, overly bright or clashing colors should not be included in the color palette.

Images and Graphics

Any images or photos included should take into consideration the distribution method of the report. For any reports distributed electronically (as a PDF via e-mail or Internet), the image resolution required should be at least 72 dots per inch (dpi) at actual size. If the report is to be submitted for printing in a newspaper or other printed publication, images will need to be at least 300 dpi at actual size. Any graphics such as tables, charts or graphs should be consistent throughout the report in general execution (size, colors used, type size/font of captions and labels).

Type and Fonts

Fonts should be limited to two font families, generally a serif font (such as Times New Roman) and a sans serif font (such as Helvetica or Arial). Font size should be no smaller than 10-point size to accommodate for easy reading, lack of crowding, and to reduce temptation to add too much extraneous information to the page so that the audience can glean relevant and pertinent information quickly from the report. To convey an obvious hierarchy of information, headline, subhead and body text treatments should remain consistent throughout the report. This includes the text size, font and color.

Publishing Software

If your organization has an in-house design staff, then they will have software they use to design brochures and reports. If you do not have access to a graphic designer, you can use Microsoft Publisher to layout your report.

Distribution of Your Report

It is important to get your report into the hands of your citizens, right after you have completed it. First and foremost, load it onto your organization's website. If you can, include it in your local newspaper. Print copies and distribute them throughout your community at the library, at government buildings, at coffee shops. Mail copies to your citizens. Give the local chamber of commerce copies to distribute. Take copies to the next council meeting. Hold a press conference. The possibilities are endless. AGA has compiled a Media Package located on the AGA website that includes a sample press release, how to work with the media, how to write an op-ed piece, etc.

Above all, do not reinvent the wheel! Go to the AGA website and click Completed Reports in the Citizen Centric Reporting section. See copies of actual completed reports along with a Q&A section with individuals who put the reports together.

AGA—Advancing Government Accountability

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This template offers guidance on the physical design, readability and distribution of a report. Make use of the Content Guidelines document to see what information should be included on each of the four pages.

Contact Susan Fritzlen at sfritzlen@agacgm.org and/or 800. AGA.7211 with any questions.

Visit AGA on the web
at www.agacgm.org.

