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*Hafa Adai* and welcome to the AGA Guam Chapter's program year 2014-2015! It is an honor and privilege to serve you this year as the Chapter President. I am so excited for the various events that will happen this upcoming year to include the Guam Professional Development Conference, the visit of the AGA National President Bill Miller, our annual Building Bridges Mixer, and many more. I hope you will enjoy all of the events that we will have.

We kicked off this program year with the 13<sup>th</sup> Annual AGA 5K Run/Walk held at the Chamorro Village in Hagatna with the theme "Power in Numbers." There were 217 runners participating in this event. To our sponsors and dedicated volunteers, thank you for your continual support in this event! The proceeds of this annual event continue to help fund our scholarship program with the University of Guam and the Guam Community College.

I am sure that most of you have seen me around in the past program years, but for those who may not know me, I am currently an Auditor with the Office of Pub-

## President's Message

lic Accountability and have been involved with the AGA Guam Chapter for the past four years assuming roles such as President-Elect, Secretary, Membership Chairperson, and Communications Chairperson. I have seen the benefits of being a member of this organization and I hope as this year progresses, each of you will continue to see the value of being an AGA member. Thank you for continuing to believe in the AGA Guam Chapter and remaining a member. The success that we have experienced would not have been possible without each of you.

I had the opportunity to attend the Sectional Leadership Meeting in Kansas City, Missouri this past April and would like to take a few words from a video that was shared in hopes to encourage you to live your life with purpose -- "We were made to be awesome!" While this is a professional organization and many of us are part of it to stay up-to-date with accountability issues, know that each of you were made to be awesome. I hope as this year unfolds you would reach out to your peers to attend our AGA events and become part of our AGA family. There is so much that could be done with this organization and I wouldn't want any of you to miss out. That is why the theme for this year is simply "Awesome." Let everything we do and take part in AGA be sprinkled with the awesomeness of you! Cheers to an awesome year ahead!

- Rachel Field, Chapter President

# In the News...

## ***Fitch: Full U.S. Adoption of International Standards Becoming Less Likely.*** July 8, 2014

Full U.S. adoption of International Financial Reporting Standards (IFRS) appears unlikely to occur in the intermediate-term as the major accounting standard setters continue to move away from full convergence of their standards, according to a Fitch Ratings report.

Three joint, or former joint, FASB/IASB projects remain outstanding; financial instruments, insurance, and lease contracts. Differences in financial products between U.S. institutions and those following IFRS, as well as differences in application meant that a one-size-fits-all accounting approach for financial instruments was problematic. Furthermore, on the insurance front there were a number of concerns raised by U.S. constituents, including that the proposal would ensnare both insurance and non-insuring issuers. These considerations resulted in the joint insurance project also falling by the wayside.

Discussions remain on track over a joint FASB/IASB standard for lease contracts. However, some detailed issues remain to resolve and there may be some minor differences in application between the final IFRS and U.S. GAAP standards.

Nevertheless, the two standard setters recently marked successful completion of their joint project on revenue recognition. The new revenue standard was issued in May

2014 and is nearly identical to a new IFRS standard, IFRS 15 issued on the same date. U.S. public companies using GAAP will be required to apply the standard for annual reporting periods beginning after Dec. 15, 2016 with private companies after Dec. 15, 2017. The revenue standard should not affect overall contract profitability.

For many companies, the new rules will affect the timing of revenue, and Fitch believes this has the potential of making margins less consistent over time due to sales deleverage. Transition to the new rules may provide an opportunity for companies to scrutinize their contracts. Changes to terms and conditions may then be considered to optimize revenue under the new rules or remove redundant conditions.

In the interim, accounting updates during 2013 were mostly clean-ups of previous pronouncements or updates. As such, they are likely to have minimal impact to corporate credit metrics and cash flows.

Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

## ***Puerto Rico Woes Lifts Tax-Free Guam to Best Returns: Muni Credits.*** July 14, 2014

By: Brian Cappata on Bloomberg.com

The biggest returns in the municipal market are coming from Guam, the Pacific island that gives U.S. investors tax-free interest without the default speculation enveloping securities from beleaguered Puerto Rico.

Bonds of Guam have surged 10 percent in 2014, Barclays Plc data show. That's better than all states and fel-

low U.S. territories Puerto Rico and the Virgin Islands, whose debt carries the same nationwide tax exemption. The island 1,600 miles (2,600 kilometers) south of Tokyo is on pace to outperform Puerto Rico for an unprecedented third straight year.

Guam is quenching investors' thirst for yield while boasting an economy that grew 24 percent in the five years through 2012. The territory had a \$2.3 million general-fund surplus for the year through September 2013, Governor Eddie Calvo said this month. It marked the first time the island of 160,000 ended consecutive years with a surplus in more than two decades. Puerto Rico's fiscal 2014 revenue fell \$488 million short of estimates.

"In Guam, you have a growth story, whereas in Puerto Rico, you don't," said John Loffredo, co-head of Princeton, New Jersey-based MacKay Municipal Managers, which oversees \$11 billion of munis. The company and Nuveen Asset Management are among those increasing Guam holdings in the past year.

"It's a very different trajectory," he said.

## **Territory Awareness**

Puerto Rico and its agencies have racked up \$73 billion in debt as they stayed afloat by borrowing for operations. As credit downgrades choke off market access and fuel default speculation, individuals have grown more aware that almost two-thirds of muni mutual funds own Puerto Rico securities.

# In the News...

## ***Puerto Rico Woes Lifts Tax-Free Guam to Best Returns: Muni Credits. (continued)***

Guam's market is a fraction of Puerto Rico's, with \$2.4 billion of bonds, data compiled by Bloomberg show. And while Guam also has a junk rating from Standard & Poor's, its waterworks, airport and education-financing authorities carry investment grades.

Calvo, a 52-year-old Republican up for re-election this year, said in an interview that he plans to visit rating companies next month to pitch for an upgrade. S&P last year raised Guam general obligations to BB-, three steps below investment grade and its highest rank since 2003.

### **'Forceful Message'**

"We're going to present a very forceful message," Calvo said from the island. "We're there to lay out the story of Guam, both in terms of internal governance and the trust in where Guam is at now and where it's going."

Three more years of economic growth and balanced budgets would probably earn Guam an investment grade for the first time since 2002, MacKay's Loffredo said.

With that expectation, Guam general obligations still present a buying opportunity, said John Miller, co-head of fixed income in Chicago at Nuveen, which manages \$92 billion in munis, including \$262 million of Guam debt.

General obligations maturing in November 2037 changed hands July 9 the most since April, Bloomberg data show. They traded at an average 5.16 percent yield. That compares with 4.5 percent on BBB revenue bonds due in 23 years.

"There isn't that much debt around, it's triple tax-exempt and it's perhaps a nice substitute for Puerto Rico," Miller said. When investors sold Guam bonds last year, "we bought into it because it's on an improving trajectory."

## **Island Fare**

The Virgin Islands get an implied general-obligation rank of BB- from Fitch Ratings, three steps below investment grade. Its securities have earned 7.7 percent this year, while Puerto Rico has returned 3.8 percent, Barclays data show.

Guam, which Spain surrendered to the U.S. in 1898, has an economy centered around tourism and the military. Flying from Tokyo to Guam takes less than four hours, comparable to a trip from New York to Miami.

Privately owned Dynamic Airways began offering the first regularly scheduled direct flight from Beijing to Guam last month, Calvo said. The island is seeking a visa waiver for Chinese tourists, which may boost visitors, he said.

"The commitment of our administration is to always focus on our core strengths," Calvo said. The economic emphasis on tourism and the military isn't about to change, he said.

### **Strengthening Pillars**

After Guam received a visa waiver for Russian tourists, it welcomed a then-record 1.3 million visitors in 2012. The pace has intensified: Through the first four months of 2014, arrivals from Russia are up 150 percent from last year, according to the Guam Visitors Bureau. Chinese visitors are up 25 percent.

Guam is also poised for an influx of residents next year when about 5,000 U.S. Marines and 1,300 dependents relocate from Okinawa.

"The twin pillars of the Guam economy are showing brightening prospects -- both the military and tourism," said Gerry Lian, a senior analyst in New York at Invesco Ltd., which oversees \$20 billion in munis and has added Guam debt this year.

Even with a diverging economic path from Puerto Rico, Guam may not be impervious to the crisis in the Caribbean.

If courts validate Puerto Rico's law that

lets some public corporations restructure debt, all territories will essentially have the right to alter contracts with bondholders, according to a report from research firm Municipal Market Advisors. That could punish all territory debt, according to the report, which suggested selling the securities.

### **'Great Credit'**

"Guam is a great credit -- there's no reason to think Guam is in trouble and would do this," Matt Fabian, a managing director at Concord, Massachusetts-based MMA, said by telephone. "But the fact that they could creates a difference from before."

Calvo said that even if the U.S. Congress changed Guam's laws to allow for bankruptcy, his administration wouldn't take that route because it would shatter investor confidence.

"We need to ensure that there's trust -- trust from our workers in GovGuam and our constituents, but also those folks that are buying our debt," Calvo said.

In the first Guam issue this year, the Waterworks Authority plans to sell about \$85 million of debt July 21 for refinancing, according to Moody's Investors Service. The company rates the bonds Ba1, the highest junk grade. The Guam Power Authority expects to issue about \$90 million of revenue bonds this year for projects related to power generation, transmission and distribution, the governor's office said.

"In terms of the total amount of debt outstanding and their ability to service that debt, it's completely different" from Puerto Rico, Miller said. "Among territories you have to look at what the individual stories are. Not all territories are horrible. Guam still has value."

Brian Chappatta at:  
[bchappatta1@bloomberg.net](mailto:bchappatta1@bloomberg.net)

# Farewell Senator Ben...



The Association of Government Accountant-Guam Chapter would like to express our deepest condolences to the family of former Speaker Ben Pangelinan. Speaker Ben has been a frequent guest speaker of our organization to discuss about government financial management, and the transparent and responsible use of taxpayer's money. He was in support of AGA's efforts to have the Citizen Centric Report be adopted throughout the government of Guam. We would like to thank Senator Ben for lending his expertise and sharing his thoughts to the financial government community.

- contributed by Jojo Guevara

## Dangkolo na si Yu'os Ma'ase.



# Chapter Announcements...



The AGA Guam Chapter in association with the Guam Society of Certified Public Accountants (GSCPA) invites you to the Guam Professional Development Conference (GPDC) held from September 17 to 19, 2014 at the Hotel Nikko Guam. Featured courses\* include:

### Auditing and Accounting Courses:

- Government Accounting Standards Update
- Supercircular and the Effects on Grant Management and Single Audits
- GASB 67 and 68—Accounting and Auditing Implementation Issues

### Internal Audit Courses:

- Governmental Fraud Risks
- COSO and Internal Controls—Implementation of the New COSO Framework

### Trends:

- What is Big Data and how does it affect your business decision making process?
- Cyber Technology—Combating Fraud in the Future
- How to Protect Yourself from Identity Theft
- The Current State of the Government of Guam Retirement Fund
- Higher Education in the Cloud

### Personal Finance/Others

- Understanding Personal Financial Planning
- Investing on Yourself, Your Family and the Future
- Essentials of Project Management

\*subject to changes



Registration Cost:

\*includes materials, lunches and snacks

Early Registration (before August 29, 2014)

AGA Members \$450

GSCPA Members \$500

Non-Member \$550

Regular Registration (After August 29, 2014)

AGA Members \$450

GSCPA Members \$500

Non-Member \$550

For more information please contact Education Chairperson, Rodalyn Gerardo at (671) 475-0390 ext. 204 or [rgerardo@guamopa.org](mailto:rgerardo@guamopa.org).



# Chapter Announcements...

## Biennial Chapter Awards Program—A Call for Nominations

We are seeking nominations to be awarded at the 2014 GPDC on September 17-19, 2014 at the Hotel Nikko Guam. Deadline to submit is **Friday, August 29, 2014** and may be emailed to agaguamchapter@gmail.com. The awards include:

1. **Professor John M. Phillips Excellence in Government Accountability Award**—This award recognizes the cumulative achievements of a government professional that has, throughout his/her public career, served as a role model for others and has consistently exhibited the highest personal and professional standards. Nominations are open to federal, local, or state government employees, and elected or appointed officials on Guam.

The award is named after Prof. John M. Phillips, CGFM, CPA, MBA, for his contributions to advancing government accountability in the Pacific region. Prof. Phillips is a charter and lifetime member of the AGA Guam Chapter and retired professor of accounting at the University of Guam after a 22-year career.

2. **Chapter Service Award**—This award will recognize an individual whose participation is above and beyond the call of duty, for matters that have made a positive impact and improvement on Chapter operations, membership, etc.
3. **Chapter Education Award**—This award will recognize a chapter member who has demonstrated an outstanding commitment to providing educational opportunities that promote the Chapter.
4. **Community Service Award**—This award will recognize a chapter member who has demonstrated an outstanding commitment to volunteer community service by participating in a volunteer community service project or projects.
5. **Emerging Leader Award**—This award will recognize a chapter member who has demonstrated the skills to be an outstanding leader and who has shown a commitment to improving chapter operations. Nominees must have 5-10 years of work experience.
6. **Agency Chapter Service Award**—This award will recognize outstanding support provided by an agency to the AGA Guam Chapter. Eligible agencies will have consistently made important contributions in support of the development and enhancement of AGA. All public and private organizations/agencies are eligible for this award.

Nominations can be directed to Vincent Duenas, Programs Director at agaguamchapter@gmail.com.



## AGA's 2014 Internal Control & Fraud Prevention Training Event

September 15-16, 2014

Ronald Reagan and International Trade Center  
Washington, DC

14 CPE Hours

Challenge your thinking on internal accountability and controls, and learn how to lower the risks of wrongdoing in your organization. This training event will bring together leaders in government, academia and private industry to discuss the latest discovery techniques and lessons learned from various schemes. The event offers 14 hours of CPEs to help you solve real internal control issues and eliminate fraud, waste and abuse.

*Who should attend?* Senior-Level Managers and Executives, CEOs and Presidents, Auditors, CPAs, Accountants, and CGFMs.

Topics Include:

**Detecting and Preventing Fraud:** Fraud is an old problem, but technology is providing would-be perpetrators with new techniques for targeting government programs. Learn about the latest techniques for preventing and detecting fraud.

**Data Analytics:** Government agencies have more data than ever before, but converting it into useful information is a challenge. Learn how to leverage data analytics to identify potential fraud and target investigative resources more efficiently.

**Internal Control:** How can your department or agency improve its control environment? Sessions will address internal controls from perspectives of program management, risk reduction and elimination of waste and abuse.

## August General Membership Meeting

August 27, 2014, 12pm-1pm

Onward Beach Resort Hotel

Guam Attorney General Candidate Forum

# Chapter Announcements...



## Guam's Latest CGFM!

The AGA Guam Chapter would like to welcome and congratulate our newest CGFM, **Llewelyn R. Teraje!** She is currently and Audit Supervisor with the Office of Public Accountability and is the chapter's Bylaws Chairperson. Kudos to you!

## Maintaining CGFM Certification

To retain the CGFM certification, all CGFMs must adhere to the AGA's Code of Ethics. In addition, to continue using the CGFM designation after their name, CGFMs must be in an active status.

### Active Status

To maintain the CGFM certification in an active status, CGFMs are required to:

- Pay the CGFM renewal Fee by the due date every year.
- Complete at least 80 hours of Continuing Professional Education (CPE) every two years in government financial management topics or related technical subjects (within the designated two-year cycle).
- Maintain and, if requested by AGA, provide detailed information on CPE hours completed.

By submitting their annual renewal payment, CGFMs affirm that they have and will continue to abide by AGA's Code of Ethics and that they have fulfilled the minimum CPE Requirements

If you have any questions about the Certified Government Financial Manager (CGFM) Program, please contact Jojo Guevara III, CGFM at [jojo\\_guevara@hotmail.com](mailto:jojo_guevara@hotmail.com).



## Community Service Announcements

**August 2, 2014**— The Guam Moms Helping Moms and families (GMHMAF) is hosting its 2nd Annual Island Wide Family Day/ Diaper Drive at Ypao Beach Park from 12pm—5pm. GMHMAF is currently seeking volunteers for their snack and drink booth and volunteers for their game booths.



**August 6, 2014**—Volunteers are needed to help usher during the Tops in Blue, an all-active duty US Air Force special unit made up of talented amateur performers selected for their entertainment abilities. The unit is composed of talented vocalists, musicians, dancers, and technicians with a primary purpose to perform for military personnel and their families throughout the world.

For other inquiries, please contact Community Service Chairperson, Frances Danieli at [fdanieli@ghura.org](mailto:fdanieli@ghura.org) or 475-1382.

**August 14, 2014**—Chapter CEC Meeting. Location is TBD.

# Treasurer's Report



## ASSOCIATION OF GOVERNMENT ACCOUNTANTS GUAM CHAPTER

### Statement of Financial Position 07/01/13 - 6/30/14

	Chapter Fund	Community Service Fund	Professional Development Fund	Total
<b>Assets</b>				
Petty Cash	100			100
Cash in bank	\$ (14,077)	\$ 17,447	\$ 23,393	26,763
GGEFCU	\$ 1,271			1,271
Accounts receivable, net	214	-	500	714
Equipment - Laptop	449			449
Advances to Speakers/Presntors			4,245	4,245
Advances to Members(PDC)			7,863	7,863
<b>Total assets</b>	<b>(12,043)</b>	<b>17,447</b>	<b>36,002</b>	<b>41,405</b>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>				
<b>Earmarked</b>				
5k run	-	1,899	-	1,899
CGFM	-	-	3,010	3,010
Early careers	-	-	463	463
PDC	-	-	1,273	1,273
H. Dierking scholarship	-	-	9,500	9,500
Training	-	-	5,876	5,876
Sugar Plum Tree	-	733	-	733
Unrestricted	(12,043)	14,815	15,879	18,651
<b>Total net assets</b>	<b>(12,043)</b>	<b>17,447</b>	<b>36,001</b>	<b>41,405</b>
<b>Total liabilities and net assets</b>	<b>\$ (12,043)</b>	<b>\$ 17,447</b>	<b>\$ 36,001</b>	<b>\$ 41,405</b>

Thank you to our 13th Annual 5K Sponsors!

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### Statement of Activities

For the month ended June 30, 2014

	Chapter Fund	Community Service Fund	Professional Development Fund	Total
<b>Revenues</b>				
Training	\$ -	\$ -	\$ 12,190	\$ 12,190
Luncheon collections	5,753	-	-	5,753
Chapter dues	1,105	-	-	1,105
5k run	-	3,367	-	3,367
Donations	698	8,935	-	9,633
Other income	100	-	-	100
<b>Total revenues</b>	<b>7,656</b>	<b>12,302</b>	<b>12,190</b>	<b>32,148</b>
<b>Expenses</b>				
Training costs	\$ -	\$ -	\$ 12,990	\$ 12,990
Membership luncheon	12,563	-	-	12,563
Awards/Scholarships	121	-	462	583
H. Dierking scholarship	7,000	-	-	7,000
Donations	3,348	1,232	-	4,580
Community Service Activities	-	719	-	719
5k run	-	5,031	-	5,031
PDC	-	-	2,420	2,420
Bad debts	(360)	-	-	(360)
Other expenses	2,106	-	-	2,106
<b>Total expenses</b>	<b>24,778</b>	<b>6,982</b>	<b>15,872</b>	<b>47,632</b>
Increase (decrease) in net assets	(17,122)	5,320	(3,682)	(15,484)
Fund transfer	-	-	-	-
Net assets at beginning of period	\$ 5,427	\$ 11,956	\$ 39,507	\$ 56,890
<b>Ending net assets</b>	<b>\$ (11,695)</b>	<b>\$ 17,276</b>	<b>\$ 35,825</b>	<b>\$ 41,406</b>

Thank you  
to our  
13th  
Annual  
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"I gave my first Treasurer's Report at our condo board meeting tonight but I only pretended to know what I was talking about. Fortunately, the board was only pretending to listen."

# 13th Annual 5K Run/Walk



## Thank you Sponsors!

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**Onward Beach Resort   Outrigger Guam Resort**

# About Us...

## Our Mission

Advancing Government Accountability

## Our Goals

To serve professionals in the government financial management community by:

- providing quality education
- fostering professional development certification; and
- supporting standards and research to advance government accountability

## Who We Are

The AGA Guam Chapter serves professionals in the government financial management community by providing quality education, fostering professional development and certification, and supporting the standards and research to advance government accountability.

## Chapter Executive Committee Members

### Programs & Communications

Director: **Vincent Duenas**, MPA  
email: vincentd@guamwaterworks.org

### Education & RVP Pacific Rim

Chair: **Rodalyn May A. Gerardo**, CGFM, CIA, CPA, CGAP  
rgerardo@guamopa.org

Co-Chair: **Yukari Hechanova**, CGFM, CPA, CIA  
yuka@guamwaterworks.org

### CGFM

Chair: **Jose Guevara III**, CGFM;  
jojo\_guevara@hotmail.com

### Newsletter

Editor: **Matthew Quinata**  
mattquinata@gmail.com

### Website

Director: **Artemio Hernandez**, CGFM  
artemiorh@gmail.com

### Membership

Chair: **Bobbie Molarte**  
bmolarte@uguam.uog.edu

### Early Careers

Chair: **Jason V. Katigbak**, CPA, CIA, CFE, CGMA  
jason.katigbak@gmail.com

Co-Chair: **Zeny Asuncion-Nace**, CGFM, CPA, CFE  
znace@uguam.uog.edu

### Student Representative

**Shannon Bartonico**, JAS President  
email: shannonbartonico@gmail.com

### Accountability

Chair: **Maripaz N. Perez**, CGFM, CGAP  
mnperez@gpagwa.com

Co-Chair: **Josie Villanueva**  
josiegv@gmail.com

### Community Service

Chair: **Frances Danieli**, CGFM  
danieli6@guam.net

Co-Chair: Mark Palarca

### Awards

Chair: **Taling Taitano**, CPA, CGFM  
tmtaitano@gmail.com

### Scholarship

Chair: **Cora Montellano**, CGFM  
cmontellano@gpagwa.com

Co-Chair: Pamela Aguigui

### Research/Standards

Chair: Christopher Wolseley, CA  
cwolseley@deloitte.com

### By-Laws and Procedures:

Chair: **Llewelyn Terlaje**, CGAP;  
email: lterlaje@guamopa.org

### Auditor:

**Randy Weigand**

### Historian:



Welcome our PY 2014-2015 Officers!  
Not pictured: Joy Bulatao