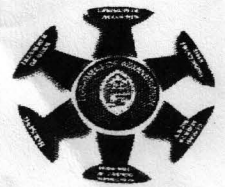




Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATEMENSTRASION)
DIRECTOR'S OFFICE
(UFISINAN DIREKTOT)

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mike

Christine W. Baleto
Director
Vincent P. Arriola
Deputy Director

January 9, 2018

To: Acting Fire Chief, Guam Fire Department
From: Director of Administration
Subject: Permanent Transfer

RECEIVED
1/19/18

Buenas yan Háfa Adai!

This memo will serves as notice of the permanent transfer that will be initiated for the following funds: GFD Capital Revolving (Fund 231) in the amount of \$331,345.00; and, Enhanced 911 Emergency Report System (281) in the amount \$839,583.00.

The General Fund is not able to pay or transfer this fund balance due to the perpetual cash shortage that has been experienced for decades by our Government. Government Accounting Standards Board (GASB) Statement No. 34, 112. a. (1) states: If repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan" (GASB 34 copy attached).

As a result of the legal mandate, 5 G.C.A., Article 2, § 22204; Rules & Regulations, the Director of the Department of Administration is required to provide that the principles of governmental accounting and reporting; classification of funds and accounts; and mandated to ensure that accounting terminology *shall* conform to those recommended by the National Committee on Governmental Accounting. For government entities, the Government Accounting Standards Board is the authority for Government Accounting Standards. Also contained in, 5 G.C.A., Article VI, § 6.06, financial statements are required to be prepared in accordance with Generally Accepted Accounting Principles (GAPP). In addition, § 11.11, requires that accounting records shall be maintained in accordance with GAPP.

When preparing the financial statements for the Government of Guam's annual audit, we would be in non-compliance with GASB 34 if we failed to record permanent transfers. All unexpended/unappropriated amounts that are not expected to be collected within a reasonable time become subject to permanent transfer. If we did not do so, our financial statements would not be in compliance with GAPP or GASB. This would result in a modified opinion which would place the Government of Guam in Jeopardy. Our Credit Rating, Investors, Bond Holders, Federal partners and all stakeholders who rely on financial statements to be prepared in accordance with these requirements would be very concerned with our failure to do so.

Once subjected to permanent transfer, the fund balance for these special revenue accounts will not be available to your department for any future use and cannot be reversed. We therefore ask that you **not** consider this amount as available for carryover appropriations or use in the FY2018 fiscal year.

Should you have any questions, or wish to discuss the matter further, please do not hesitate to contact me.

Senseramente,

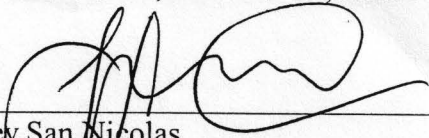


Christine Baletto
Director

ACKNOWLEDGEMENT:

Fund: GFD capital Revolving Fund/Enhanced 911 Emergency Report System Fund

Amount: \$331,345.00/\$839,583.00



Joey San Nicolas
Acting Fire Chief

1/19/18

Date