



# Government of Guam General Fund Update

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# General Fund Overview

- Guam's primary sources of General Fund revenues:
  - Individual income tax
  - Corporate income tax
  - Withholding taxes, interest, and penalties
    - Most Guamanians do not pay federal income taxes; under the Organic Act, the Territorial Income Tax Code mirrors the IRS Code
  - Business privilege tax
- Secondary sources of General Fund revenues:
  - Section 30 revenues
    - Federal income taxes paid by federal civilian/military employees residing on Guam, including active duty personnel and retirees, which are remitted to Guam
  - Use tax
  - Licenses, fees, and penalties
  - Use of money and property
  - Department charges

# General Fund Overview – Restoration of Fiscal Discipline

- The Leon Guerrero – Tenorio Administration came into office in January 2019 with a deficit of **\$83 million**
- The past 8 years, despite major setbacks such as the pandemic and natural disasters, reflect the restoration of fiscal discipline
- \$83 million deficit erased through sound fiscal policy
- Tax refunds paid within three weeks
- Audited financial statement for FY 2024 reflects fund balance of **\$293 million**
- FY 2025 General Fund revenues reflect actual collections of **\$90 million** over adopted levels
- FY 2026 General Fund revenues currently tracking to collect **\$57.5 million** over adopted levels despite the BPT being lowered to 4.5% from 5%

# General Fund Overview – Restoration of Fiscal Discipline

- The final Executive Budget Request (EBR) of the Leon Guerrero – Tenorio Administration takes a stand against the return of appropriating “phantom funds” evident in the FY 2026 Budget Act passed by the Legislature, despite the Governor’s veto
- The FY 2027 EBR funds the operation of the Government of Guam in FY 2027 with revenues generated **within FY 2027**
  - S&P captured this in the Credit Highlights when it upgraded major GovGuam debts on February 25, 2026 (*see slide no. 15*)
- The FY 2026 Budget Act appropriated “phantom funds” to support Government of Guam operations in FY 2026 to offset reduction of BPT to 4.5%
  - \$15.2 million from FY 2023 excess revenues
  - \$34.6 million from FY 2025 excess revenues
  - \$25.0 million from FY 2026 excess revenues (prospective)
- The following slides will provide a historical overview of the Government of Guam’s General Fund condition

# General Fund Revenues, Expenditures, & Fund Balance (Deficit) FY2018 – FY2027

## COVID-19 / SUPER TYPHOON MAWAR (2023)

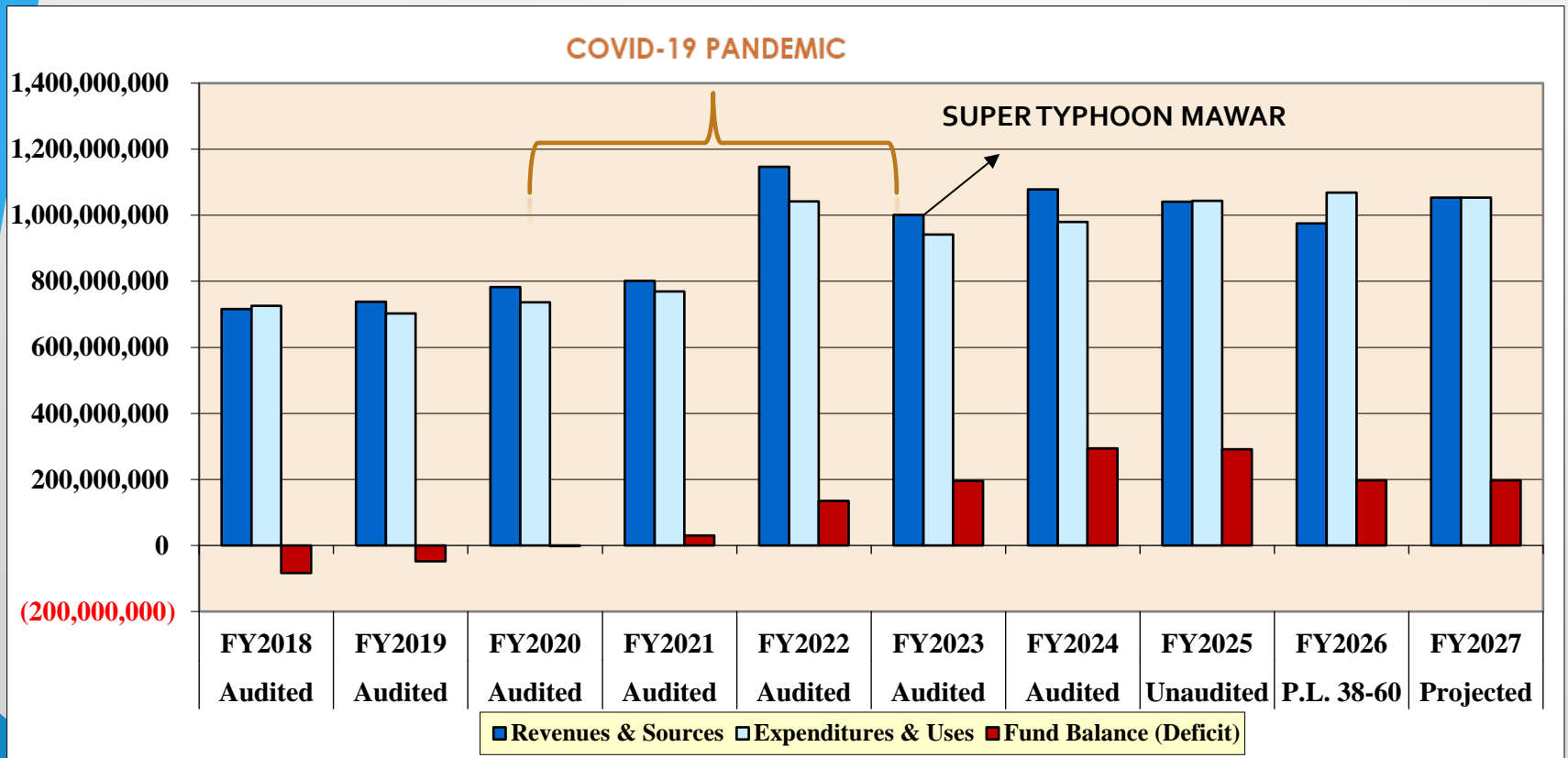
	FY 2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 <sup>1/</sup>	FY2026 <sup>2/</sup> (P.L. 38-60)	FY2027 <sup>3/</sup> Projected
<b>Revenues</b>	688,026,685	700,240,675	747,186,796	749,406,835	813,967,000	964,762,712	1,052,518,158	1,040,884,891	975,029,836	1,053,491,297
<b>Transfers in</b>	27,612,593	37,829,289	35,093,037	32,979,923	36,238,500	36,273,276	25,536,163	0	0	0
<b>Other sources</b>	0	0	0	19,070,000	296,566,000	0	0	0	0	0
<b>Addition to long-term debt</b>	0	0	0	0	0	0	0	0	0	0
<b>Expenditures</b>	683,804,239	672,044,505	700,475,843	725,046,547	713,165,000	881,748,181	910,872,047	906,464,877	949,391,696	1,020,702,139
<b>Transfers out</b>	42,281,270	30,377,539	35,516,729	25,755,082	35,554,430	59,530,476	68,776,081	44,191,728	25,638,140	32,789,158
<b>Other uses</b>	0	0	0	18,790,307	292,935,000	0	0	0	0	0
<b>Special items</b>	0	0	0	0	0	0	0	92,776,812	93,650,791	0
<b>Over provisioning for tax refunds</b>	0	0	0	0	0	0	0	0	0	0
<b>Current year surplus (deficit)</b>	(10,446,231)	35,647,920	46,287,261	31,864,822	105,117,070	59,757,331	98,406,193	(2,548,526)	(93,650,791)	0
<b>Beginning fund balance (deficit)</b>	(73,002,632)	(83,448,863)	(47,800,943)	(1,513,682)	30,351,140	135,468,210	195,225,541	293,631,734	291,083,208	197,432,417
<b>Ending Fund balance (deficit)</b>	(83,448,863)	(47,800,943)	(1,513,682)	30,351,140	135,468,210	195,225,541	293,631,734	291,083,208	197,432,417	197,432,417

1/ Audited Financial Statements are pending completion. Revenues reflect data contained in the Consolidated Revenue & Expenditure Report for September of FY 2025 (net of \$44,145,510 provisions for tax refunds). Expenditures reflect appropriations from FY 2025 General Fund revenues contained in P.L. 37-125. Accounts for appropriations in P.L. 37-125 from the FY 2025 General Fund Surplus (\$9,573,197), from the FY 2024 General Fund Surplus in P.L. 37-135 (\$50,834,474), from the FY 2024 General Fund Surplus in P.L. 37-141 (\$87,300), from the FY 2025 General Fund Surplus in P.L. 38-8 (\$5,750,984), and from the General Fund in P.L. 38-59 (\$26,530,857). All appropriations from FY 2024 and FY 2025 General Fund Surplus revenues are listed under "Special Items".

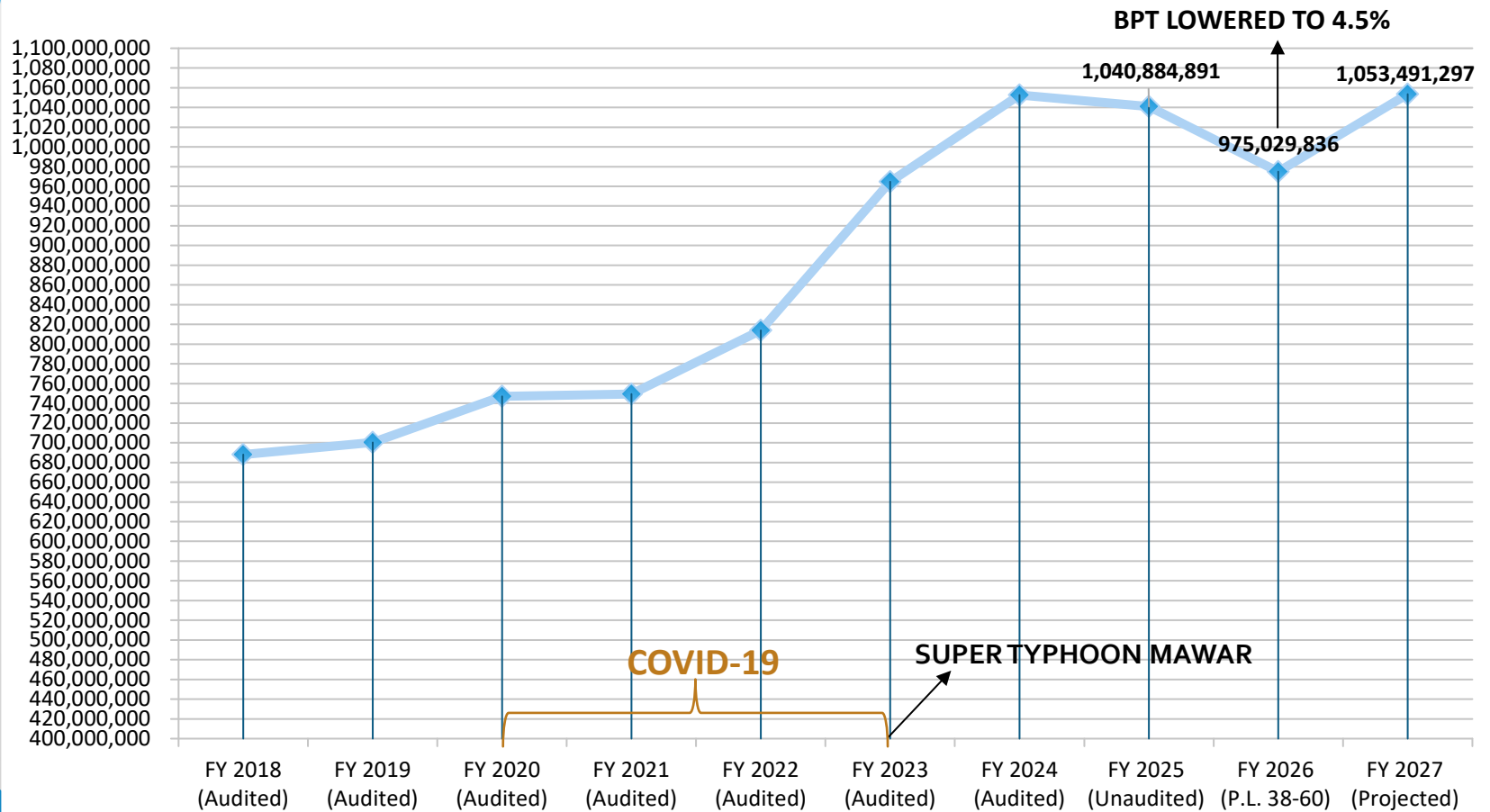
2/ Adopted Revenues and Expenditures per P.L. 38-60 (net of \$25,359,760 provisions for tax refunds). Further accounts for appropriations made from FY2023 audited excess revenues (\$15,200,000), FY 2025 General Fund Surplus revenues (\$34,581,648), and future FY 2026 excess General Fund balance (\$25,000,000), all contained in P.L. 38-60; from the General Fund in P.L. 38-59 (\$13,469,143); and from the FY 2025 General Fund Surplus revenues in P.L. 38-75 (\$5,400,000). All appropriations from FY 2023, FY 2025 and FY 2026 General Fund Surplus revenues are listed under "Special Items".

3/ Governor's FY2027 Executive Budget Request (net of \$25,359,760 provision for tax refunds).

# General Fund Revenues, Expenditures, & Fund Balance (Deficit) FY2018 – FY2027



# General Fund Revenues FY2018 – FY2027



# General Fund – Budget vs. Actuals

## FY 2019 - FY 2026 (as of March)

- The subsequent tables contain comparisons of General Fund revenues over the years, Adopted vs. Actual collections from FY 2019 through FY 2026 (tracking as of March 2026)
- General Fund revenues are reflected by revenue categories
- These figures are unaudited and are based on the mandated monthly Consolidated Revenue & Expenditure Report

### FY 2019 CRER TOTALS

	FY 2019 Adopted Revenues	FY 2019 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 66,411,501	\$ 76,309,917	\$ 9,898,416
Corporation	83,723,858	81,285,788	(2,438,070)
Withholding	223,751,011	240,830,818	17,079,807
<b>Income Taxes</b>	<b>373,886,370</b>	<b>398,426,523</b>	<b>24,540,153</b>
Business privilege taxes:			
Gross Receipts Taxes	311,528,514	308,774,621	(2,753,893)
Other Taxes:			
Use Tax	3,102,098	4,875,517	1,773,419
<b>Business Privilege Taxes</b>	<b>314,630,612</b>	<b>313,650,138</b>	<b>(980,474)</b>
Licenses, Fees & Penalties	5,743,159	4,888,279	(854,880)
Use of Money & Property	190,944	433,010	242,066
Federal Sources:			
Section 30	78,000,000	77,046,768	(953,232)
Immigration fees	2,006,165	2,121,134	114,969
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>80,006,165</b>	<b>79,167,902</b>	<b>(838,263)</b>
Department Charges:			
Agriculture	2,053	-	(2,053)
Police & Corrections	7	-	(7)
Public Works	53,512	-	(53,512)
Public Health	5,457	-	(5,457)
Commerce	-	-	-
Other charges	1,110,689	-	(1,110,689)
<b>Department Charges</b>	<b>1,171,718</b>	<b>1,500,921</b>	<b>329,203</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 775,628,968</b>	<b>\$ 798,066,773</b>	<b>\$ 22,437,805</b> 2.89%

### FY 2020 CRER TOTALS

	FY 2020 Adopted Revenues	FY 2020 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 70,604,360	\$ 67,616,121	\$ (2,988,239)
Corporation	85,058,410	105,930,356	20,871,946
Withholding	246,295,424	269,565,092	23,269,668
<b>Income Taxes</b>	<b>401,958,194</b>	<b>443,111,569</b>	<b>41,153,375</b>
Business privilege taxes:			
Gross Receipts Taxes	314,890,009	297,815,194	(17,074,815)
Other Taxes:			
Admissions tax	-	-	-
Use Tax	4,923,960	4,912,904	(11,056)
<b>Business Privilege Taxes</b>	<b>319,813,969</b>	<b>302,728,098</b>	<b>(17,085,871)</b>
Licenses, Fees & Penalties	6,971,178	4,317,740	(2,653,438)
Use of Money & Property	521,901	809,554	287,653
Federal Sources:			
Section 30	71,330,400	69,928,937	(1,401,463)
Immigration fees	1,566,012	1,311,257	(254,755)
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>72,896,412</b>	<b>71,240,194</b>	<b>(1,656,218)</b>
Department Charges:			
Agriculture	3,377	-	(3,377)
Police & Corrections	28	-	(28)
Public Works	116,666	-	(116,666)
Public Health	6,327	-	(6,327)
Commerce	-	-	-
Other charges	1,353,481	-	(1,353,481)
<b>Department Charges</b>	<b>1,479,879</b>	<b>1,040,370</b>	<b>(439,509)</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 803,641,533</b>	<b>\$ 823,247,525</b>	<b>\$ 19,605,992</b> 2.44%

# General Fund – Budget vs. Actuals FY 2021 & FY 2022

## FY 2021 CRER TOTALS

	FY2021 Adopted Revenues	FY2021 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 71,975,270	\$ 86,697,481	\$ 14,722,211
Corporation	85,402,002	108,290,454	22,888,452
Withholding	230,533,587	275,502,552	44,968,965
<b>Income Taxes</b>	<b>387,910,859</b>	<b>470,490,487</b>	<b>82,579,628</b>
Business privilege taxes:			
Gross Receipts Taxes	304,439,509	290,466,240	(13,973,269)
Other Taxes:			
Use Tax	4,986,064	4,531,203	(454,861)
<b>Business Privilege Taxes</b>	<b>309,425,573</b>	<b>294,997,443</b>	<b>(14,428,130)</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>4,905,479</b>	<b>3,369,940</b>	<b>(1,535,539)</b>
<b>Use of Money &amp; Property</b>	<b>1,044,912</b>	<b>(288,034)</b>	<b>(1,332,946)</b>
Federal Sources:			
Section 30	68,603,100	65,109,936	(3,493,164)
Immigration fees	1,606,706	1,471,206	(135,500)
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>70,209,806</b>	<b>66,581,142</b>	<b>(3,628,664)</b>
Department Charges:			
Agriculture	665	-	(665)
Police & Corrections	48	-	(48)
Public Works	69,993	-	(69,993)
Public Health	3,162	-	(3,162)
Commerce	-	-	-
Other charges	1,126,808	-	(1,126,808)
<b>Department Charges</b>	<b>1,200,676</b>	<b>1,603,724</b>	<b>403,048</b>
<b>TOTAL GENERAL FUND REVENUES \$</b>	<b>774,697,305 \$</b>	<b>836,754,702 \$</b>	<b>\$ 62,057,397 8.01%</b>

## FY 2022 CRER TOTALS

	FY2022 Adopted Revenues	FY2022 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 75,670,286	\$ 107,671,190	\$ 32,000,904
Corporation	73,908,390	86,895,813	12,987,423
Withholding	237,531,525	263,507,839	25,976,314
<b>Income Taxes</b>	<b>387,110,201</b>	<b>458,074,842</b>	<b>70,964,641</b>
Business privilege taxes:			
Gross Receipts Taxes	290,505,719	323,792,630	33,286,911
Other Taxes:			
Admissions tax	-	-	-
Use Tax	4,105,379	5,137,638	1,032,259
<b>Business Privilege Taxes</b>	<b>294,611,098</b>	<b>328,930,268</b>	<b>34,319,170</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>3,507,616</b>	<b>2,705,713</b>	<b>(801,903)</b>
<b>Use of Money &amp; Property</b>	<b>428,868</b>	<b>(343,877)</b>	<b>(772,745)</b>
Federal Sources:			
Section 30	76,141,259	76,141,259	-
Immigration fees	1,816,679	1,432,605	(384,074)
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>77,957,938</b>	<b>77,573,864</b>	<b>(384,074)</b>
Department Charges:			
Agriculture	2,450	-	(2,450)
Police & Corrections	83	-	(83)
Public Works	67,102	-	(67,102)
Public Health	2,137	-	(2,137)
Commerce	-	-	-
Other charges	1,323,389	-	(1,323,389)
<b>Department Charges</b>	<b>1,395,161</b>	<b>1,660,071</b>	<b>264,910</b>
<b>TOTAL GENERAL FUND REVENUES \$</b>	<b>765,010,882 \$</b>	<b>868,600,881 \$</b>	<b>\$ 103,589,999 13.54%</b>

# General Fund – Budget vs. Actuals FY 2023 & FY 2024

## FY 2023 CRER TOTALS

	FY2023 Adopted Revenues	FY2023 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 93,515,852	\$ 89,990,603	\$ (3,525,249)
Corporation	85,716,966	104,551,833	18,834,867
Withholding	255,459,575	279,517,699	24,058,124
<b>Income Taxes</b>	<b>434,692,393</b>	<b>474,060,135</b>	<b>39,367,742</b>
Business privilege taxes:			
Gross Receipts Taxes	332,507,712	365,964,518	33,456,806
Other Taxes:			
Use Tax	3,992,879	11,820,562	7,827,683
<b>Business Privilege Taxes</b>	<b>336,500,591</b>	<b>377,785,080</b>	<b>41,284,489</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>3,496,755</b>	<b>4,751,710</b>	<b>1,254,955</b>
<b>Use of Money &amp; Property</b>	<b>197,480</b>	<b>2,001,813</b>	<b>1,804,333</b>
Federal Sources:			
Section 30	74,943,377	70,398,471	(4,544,906)
Immigration fees	1,277,844	1,264,354	(13,490)
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>76,221,221</b>	<b>71,662,825</b>	<b>(4,558,396)</b>
Department Charges:			
Agriculture	1,519	-	(1,519)
Police & Corrections	83	-	(83)
Public Works	112,430	-	(112,430)
Public Health	3,050	-	(3,050)
Commerce	-	-	-
Other charges	1,088,215	-	(1,088,215)
<b>Department Charges</b>	<b>1,205,297</b>	<b>1,470,008</b>	<b>264,711</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 852,313,737</b>	<b>\$ 931,731,570</b>	<b>\$ 79,417,833</b>
			<b>9.32%</b>

## FY 2024 CRER TOTALS

	FY2024 Adopted Revenues	FY2024 Actual Revenues	Favorable Increase (Decrease)
Income Taxes:			
Individual	\$ 94,592,036	\$ 114,963,432	\$ 20,371,396
Corporation	101,582,361	123,741,582	22,159,221
Withholding	273,572,137	309,006,582	35,434,445
<b>Income Taxes</b>	<b>469,746,534</b>	<b>547,711,596</b>	<b>77,965,062</b>
Business privilege taxes:			
Gross Receipts Taxes	350,796,921	414,229,254	63,432,333
Other Taxes:			
Use Tax	6,701,359	7,370,947	669,588
<b>Business Privilege Taxes</b>	<b>357,498,280</b>	<b>421,600,201</b>	<b>64,101,921</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>3,406,682</b>	<b>4,887,134</b>	<b>1,480,452</b>
<b>Use of Money &amp; Property</b>	<b>430,875</b>	<b>4,618,830</b>	<b>4,187,955</b>
Federal Sources:			
Section 30	75,449,486	76,195,730	746,244
Immigration fees	1,289,087	2,212,245	923,158
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>76,738,573</b>	<b>78,407,975</b>	<b>1,669,402</b>
Department Charges:			
Agriculture	-	-	-
Police & Corrections	-	-	-
Public Works	-	-	-
Public Health	-	-	-
Commerce	-	-	-
Other charges	1,429,672	1,390,883	(38,789)
<b>Department Charges</b>	<b>1,429,672</b>	<b>1,390,883</b>	<b>(38,789)</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 909,250,616</b>	<b>\$ 1,058,616,619</b>	<b>\$ 149,366,003</b>
			<b>16.43%</b>

# General Fund – Budget vs. Actuals

## FY 2025 & FY 2026 (as of March)

### FY 2025 CRER TOTALS

	FY2025 Adopted Revenues	FY 2025 Actual Revenues	Favorable Increase (Decrease)
<b>Income Taxes:</b>			
Individual	\$ 105,570,170	\$ 116,650,711	\$ 11,080,541
Corporation	105,033,422	140,712,550	35,679,128
Withholding	297,659,446	327,628,224	29,968,778
<b>Income Taxes</b>	<b>508,263,038</b>	<b>584,991,485</b>	<b>76,728,447</b>
<b>Business privilege taxes:</b>			
Gross Receipts Taxes	390,986,493	403,014,612	12,028,119
<b>Other Taxes:</b>			
Use Tax	9,270,632	5,836,858	(3,433,774)
<b>Business Privilege Taxes</b>	<b>400,257,125</b>	<b>408,851,470</b>	<b>8,594,345</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>4,403,808</b>	<b>4,824,173</b>	<b>420,365</b>
<b>Use of Money &amp; Property</b>	<b>2,683,875</b>	<b>4,492,819</b>	<b>1,808,944</b>
<b>Federal Sources:</b>			
Section 30	76,402,101	76,402,101	-
Immigration fees	1,381,665	3,997,367	2,615,702
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>77,783,766</b>	<b>80,399,468</b>	<b>2,615,702</b>
<b>Department Charges:</b>			
Agriculture	-	-	-
Police & Corrections	-	-	-
Public Works	-	-	-
Public Health	-	-	-
Commerce	-	-	-
Other charges	1,410,504	1,470,987	60,483
<b>Department Charges</b>	<b>1,410,504</b>	<b>1,470,987</b>	<b>60,483</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 994,802,116</b>	<b>\$ 1,085,030,402</b>	<b>\$ 90,228,286</b> 9.07%

### FY 2026 CRER TOTALS

	FY2026 Adopted Revenues (Full Year Projection)	FY 2026 Revenue Tracking (As of March 2026)	Favorable Increase (Decrease)
<b>Income Taxes:</b>			
Individual	\$ 102,507,383	\$ 108,741,430	\$ 6,234,047
Corporation	116,090,538	141,408,119	25,317,581
Withholding	315,685,559	329,441,730	13,756,171
<b>Income Taxes</b>	<b>534,283,480</b>	<b>579,591,279</b>	<b>45,307,799</b>
<b>Business privilege taxes:</b>			
Gross Receipts Taxes	368,794,933	380,383,377	11,588,444
<b>Other Taxes:</b>			
Use Tax	7,957,733	7,878,676	(79,057)
<b>Business Privilege Taxes</b>	<b>376,752,666</b>	<b>388,262,053</b>	<b>11,509,387</b>
<b>Licenses, Fees &amp; Penalties</b>	<b>4,597,340</b>	<b>4,696,124</b>	<b>98,784</b>
<b>Use of Money &amp; Property</b>	<b>2,045,097</b>	<b>2,900,751</b>	<b>855,654</b>
<b>Federal Sources:</b>			
Section 30	79,732,367	79,732,367	-
Immigration fees	1,636,401	1,502,971	(133,430)
Recovery from Individuals	-	-	-
Child Support AFDC Local Share	-	-	-
<b>Federal Sources</b>	<b>81,368,768</b>	<b>81,235,338</b>	<b>(133,430)</b>
<b>Department Charges:</b>			
Agriculture	-	-	-
Police & Corrections	-	-	-
Public Works	-	-	-
Public Health	-	-	-
Commerce	-	-	-
Other charges	1,342,245	1,235,599	(106,646)
<b>Department Charges</b>	<b>1,342,245</b>	<b>1,235,599</b>	<b>(106,646)</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 1,000,389,596</b>	<b>\$ 1,057,921,143</b>	<b>\$ 57,531,547</b> 5.75%

# Moody's Ratings: GovGuam Bonds Upgraded to Investment Grade

- On January 25, 2024, Moody's upgraded the Government of Guam's issuer rating to an **investment grade of Baa3** from Ba1 with a **stable outlook**
  - General obligation (GO) bonds, Hotel Occupancy Tax (HOT) bonds, and Business Privilege Tax (BPT) bonds – Baa3 from Ba1
  - Certificates of Participation (COPs) – Ba1 from Ba2
- Moody's attributed the upgrade to GovGuam's significantly improved financial position, enhanced by federal pandemic aid and significant military construction activity
- Per Moody's, **GovGuam's financial position will continue to strengthen because of solid revenue performance** despite tourism levels' slow recovery
- Prior to this upgrade, it has been 22 years since Guam had been rated investment grade
- Moody's affirmed GovGuam's Baa3 issuer rating (stable outlook) on July 15, 2025 reflective of continued fiscal discipline

# Moody's Ratings: GovGuam Bonds Upgraded to Investment Grade

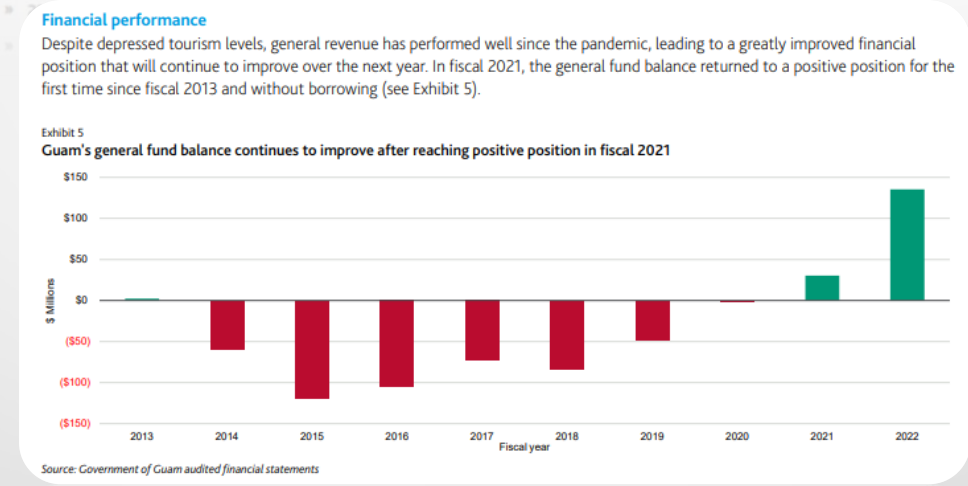
January 2024

MOODY'S INVESTORS SERVICE U.S. PUBLIC FINANCE

On Jan. 25, we upgraded Guam's issuer rating, general obligation (GO) bonds, hotel occupancy tax (HOT) bonds and business privilege tax (BPT) bonds ratings to Baa3 from Ba1. We also upgraded Guam's Certificates of Participation (COPs) rating to Ba1 from Ba2 and revised Guam's outlook to stable from positive.

**Credit strengths**

- » Strong liquidity position bolstered by federal pandemic aid
- » Strong general revenue performance supported by military activity, despite depressed tourism levels



July 2025

**Credit strengths**

- » Strong available fund balance and liquidity positions resulting from conservative budgeting
- » Favorable general revenue performance supported by military and private construction activity and despite depressed tourism levels

Source: Moody's Investor Service Credit Opinion: Guam (Government of) Update following upgrade to Baa3 (25 January 2024)  
Moody's Ratings Credit Opinion: Guam (Government of) Update to credit analysis (15 July 2025)

# S&P Global Ratings Upgrade

- S&P Global Rating issued its rating on major Government of Guam debt on February 25, 2026, upgrading the ratings by one notch
  - Government of Guam's general obligation bonds upgraded from BB- to BB
  - Business Privilege Tax Bonds and Section 30 Revenue Bonds upgraded from BB to BB+
  - Appropriation-backed certificates of participation (COPs) from B+ to BB-

- Positive outlook

- The positive outlook reflects the one-in-three chance of a rating upgrade within the outlook period, dependent in part on GovGuam's ability to consistently achieve and maintain a structurally balanced budget over the long run.

- Upgrade reflective of the Government of Guam's "...***continued positive operating performance and designation of rainy day reserves... continued strengthening of its overall credit profile...***"

- The upgrade reflects our view of GovGuam's continued positive operating performance and designation of rainy day reserves, resulting in a continued strengthening of its overall credit profile, which we believe helps, to a degree, balance against a comparatively elevated debt-and-liability profile and an inherently vulnerable economic base susceptible to shifts in federal spending priorities, tourism activities, and adverse climate events.

# S&P Global Ratings Upgrade

As stated in slide no. 4, S&P Global Ratings upgrade to GovGuam debt issued on February 25, 2026 highlighted the importance of avoiding the use of “phantom funds”

## Credit highlights

Our GO rating on GovGuam reflects its improving overall fiscal position, supported in part by favorable revenue and economic trends and steady infusion of federal resources following the onset of the global pandemic in 2020. Its credit profile, in our view, remains weighed down by its comparatively large overall debt-and-liability profile, which we anticipate will persist within the short-to-medium term. Importantly, the governor’s latest budget proposal (for fiscal 2027) emphasizes the continued need to achieve structural budgetary balance by using current receipts with budgeted expenditures and shifting away from the practice of appropriating the preceding fiscal year’s surplus to support current fiscal year expenses.

Source: RatingsDirect® Research Update: S&P Global Ratings Guam General Obligation Debt Rating Raised One Notch To ‘BB’ On Operating Performance; Outlook Positive (25 February 2026)

# Rainy Day Fund

- § 22901, Article 9, Division 2, Chapter 22, Title 5, Guam Code Annotated (GCA) established the **Rainy Day Fund** to be funded by ***not less than two percent (2%)*** of the total revenues projected for the General Fund for each fiscal year, pursuant to § 22436, Article 4, Division 2, Chapter 22, Title 5 GCA, until such time as indicated in § 22904, Article 9, Division 2, Chapter 22, Title 5 GCA.
  - “However, no deposits to the Rainy Day Fund shall be made if the Fund’s assets exceed ten percent (10%) of the average gross operating requirements funded by the General Fund over the prior three (3) fiscal years”.
- Expenditures from the Rainy Day Fund shall only be authorized by an appropriation or appropriations authorization by the Legislature for the following purposes:
  - eliminating or reducing any General Fund deficit existing at the end of a fiscal year substantially resulting from an unexpected, substantial decline in revenues received or due to the General Fund; or
  - for expenses caused by a Guam emergency.

# Rainy Day Fund (Pre-Sinlaku)

- Prior to Typhoon Sinlaku, the Government of Guam was poised to fully fund the Rainy Day Fund by FY 2027. FY 2027 EBR requested to deposit only **\$6,868,536** into the Rainy Day Fund
  - Updated with the audited FY 2024, the gap from the RDF ceiling is \$9.6M
- The 2% set-aside would have been \$20.5M).

<b>Expenditures from the General Fund (Operating requirements funded by the General Fund)</b>	
FY2024 (Audited)	\$ 936,438,775
FY2025 (Unaudited - Budget Act plus other appropriations from the General Fund)	\$ 983,109,721
FY2026 (Unaudited - Budget Act plus other appropriations from the General Fund)	\$ 949,391,696
<b>TOTAL</b>	<b>\$ 2,868,940,192</b>
<b>AVERAGE</b>	<b>\$ 956,313,397</b>
<b>10% of Average</b>	<b>\$ 95,631,340</b>
<b>Rainy Day Fund</b>	
	<b>Fund Balance</b>
FY2024 Audited	\$ 57,472,086
FY2025 Rainy Day Fund set aside per Budget Act	\$ 18,499,283
FY2026 Rainy Day Fund set aside per Budget Act	\$ 10,000,000
<b>TOTAL</b>	<b>\$ 85,971,369</b>
<b>Shortfall from the RDF Ceiling</b>	<b>\$ (9,659,971)</b>

# *Si Yu'os Ma'åse'*

Thank you for your continued support to  
the Government of Guam!

LESTER L. CARLSON, JR., BBMR Director

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