



FINANCIAL NEWS: Fitch rates Guam's business privilege refunding bonds 'A-'

The administration's financial management practices continue to impress bond raters. Fitch just announced Guam's financial outlook as stable and issued an 'A-' rating to the Government of Guam business privilege tax refunding bonds.

What does this mean?

The stable outlook and the investment grade rate given to the \$404.8 million series 2015D BPT bonds means Guam should be able to garner lower interest rates, which means higher savings for the people of Guam when the bond goes to market next week.

Governor Calvo and the fiscal team recently met with bond raters and investors to discuss Guam's financial outlook. Their presentations were met with favorable responses.

Fitch Ratings Inc. is one of the three nationally recognized statistical rating organizations designated by the U.S. Securities and Exchange Commission, together with Moody's and Standard & Poor's, and the three are commonly known as the "Big Three credit rating agencies"

Administrator John Rios, Guam Economic Development Agency, said Standard & Poor's also gave the 2015D BPT bond an 'A' rating.

[Growing economy](#)

Fitch noted that despite worldwide economic conditions, GovGuam has seen a growing tax revenue base.

"Since the current administration took office in 2011, it has implemented a **fiscal stabilization** plan based on **spending controls, improved revenue estimation** and **collection**, and bond issuance to both pay overdue and accumulated tax refunds as well as to provide budgetary relief," states a release from Fitch Ratings.

"With gradual fiscal improvement since the plan was put into place, the government reports that the budget was close to balance in fiscal 2014 and that it issued tax refunds without any need for external financing. A balanced budget was enacted for fiscal 2015, which began Oct. 1, 2014, that funds scheduled pay raises

that were re-instated in fiscal 2014. Revenues are reportedly meeting forecast and expenditures controls remain in place.”

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